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## British troops land on South Georgia

British troops have landed on South Georgia, the island 800 miles east of the Falklands which was seized by Argentina on April 13.

The Ministry of Defence in London announced briefly last night: "British forces are now ashore in South Georgia." The military junta in Argentina reported intense firing on the island.

Argentina said last night that British warships and aircraft had launched a major attack on South Georgia. It said intense cannon fire was being trained on the island, and that its forces there were resisting.

In Whitehall it was revealed that a dozen Royal Marines of the Special Boat Squadron had been landed on the island by submarine last Thursday to prepare the way for the assault.

The main landing was preceded by an attack on an Argentine submarine yesterday morning, according to the Ministry of Defence and confirmed in Buenos Aires.

The submarine, identified as the Sante Fe, was said to have been entering the harbour at Grytviken when it was fired on by British helicopters and damaged.

The Argentines said contact had been lost with South Georgia and initially claimed that the British helicopters had machine-gunned the settlement at Grytviken. It was later admitted the submarine had been attacked.

The British Defence Ministry said the submarine was leaking and listing to port.

Mr Nicanor Costa Mendez, Argentina's Foreign Minister, said on arrival in New York yesterday that he thought technically Britain and Argentina were at war.

He later travelled on to Washington for talks with Mr Alexander Haig, the U.S. Secretary of State, who has been attempting to find a negotiated settlement to the Falklands crisis. Mr Costa Mendez will today attend a meeting of the Organisation of American States to seek further support for his country.

Mrs Margaret Thatcher, the British Prime Minister, was told of the clash with the submarine shortly before attending a working lunch with the so-called War Cabinet — the inner groups of Ministers and advisers who are handling the Falklands crisis. The meeting continued late into the afternoon.

The State Department in Washington said that the submarine incident "demonstrates the gravity of the situation and the urgency of a diplomatic solution."

In London, where it was accepted that a "state of warlike activity" existed between Britain and Argentina, it was considered that the landing on South Georgia had been timed to exert the maximum diplomatic pressure on the military junta in Buenos Aires.

Officials in Whitehall repeated that serious difficulties remained in the search for a peaceful settlement following talks between Mr Haig and Mr Francisco de Goyena, the Foreign Secretary, in Washington at the end of last week.

Demonstrators converged on a central square in Buenos Aires to reaffirm their support for the junta. For most of the day Government radio kept silent on events in South Georgia.

Shortly after it admitted that a larger attack was under way, a cavalcade of cars flying the national flag took to the streets. The relative news blackout in Argentina yesterday suggested that the junta was activating its national mobilisation plan under which security, administration and the running of the economy would be co-ordinated by a military committee.

The committee is empowered to "control" enemy subjects resident in Argentina together with "allies and sympathisers." On Friday the British Government broadcast fresh warnings to British citizens to consider leaving Argentina because of the risk of increased tension as the British naval task force neared the Falklands area.

There have not been any reports so far of Britons being harassed.

In London it was thought likely that the assault on South Georgia would impose new strains on all-party support for Mrs Thatcher's Government.

An early indication of this came from Mr Michael Foot, leader of the opposition Labour Party, when he said, with reference to the clash between the helicopters and the submarine that he doubted whether force could be justified if Britain had fired first.

He said he would be very critical if force had been used in these circumstances.

Earlier, Argentina had presented an urgent note to the United Nations Security Council about what it said was the threat to peace posed by the presence of British warships close to South Georgia.

The main body of the British naval force is thought now to be close to the Falklands. The Argentines also warned, issued on Saturday, that ships or aircraft approaching the fleet would risk "an appropriate response."

The junta said that the British warning was the latest in a long series of provocations "improper from a civilised nation" which would in no way help achieve a diplomatic solution.

### NEWS SUMMARY

**GENERAL**  
**Families flee fair as blaze kills 34**

At least 34 people were killed and 60 were injured yesterday when fire swept through an antiques exhibition in Todt central Italy. Damage was estimated at £1.1m (\$427m).

Families leaped from the third floor of the exhibition building after a violent explosion touched off the fire, but scores of other visitors were trapped as the blaze spread. An infant was among the dead.

**BUSINESS**  
**Big loss forecast by BR for '82**

BRITISH RAIL is forecasting a loss of \$165m for this year. The 1981 loss to be announced on Wednesday, is likely to be about £50m, compared with £76.9m in 1980. Back Page

BRITISH AIRWAYS chairman Sir John King is likely this week to announce further reorganisation of the airline to prepare it for eventual privatisation. Back Page

**Sinai returned**  
Israeli troops pulled out from the last sector of Egyptian territory in the Sinai desert, ending 15 years of occupation. Back Page

**EEC hits out**  
The EEC has condemned Israeli attacks on Palestinian targets in South Lebanon last week and called for urgent peace efforts.

**'Cover-up' probe**  
Scotland Yard is investigating claims made in the Observer yesterday that a senior officer covered up evidence of police corruption in London.

**Unsporting**  
Los Angeles was attacked in the Soviet Union as unsuitable to host the 1984 Olympic Games because it is plagued by murderers and smog.

**Nuclear blast**  
The Soviet Union's strongest underground nuclear explosion has been reported by Swedish seismologists.

**Rally violence**  
Troops shot dead at least six people in Jakarta yesterday when violence flared at a rally in the run-up to Indonesia's elections next week. Page 2

**Bonn reshuffle**  
Chancellor Helmut Schmidt discussed an imminent Cabinet reshuffle yesterday with the Free Democratic Party, his partners in the ruling West German coalition.

**Briefly...**  
Ferrari drivers Didier Pironi of France and Canadian Gilles Villeneuve came first and second in San Marino Grand Prix.

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## 'Shoot first' ruling raises tension

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN and Argentina are not formally at war, but Britain's invasion of South Georgia yesterday, and new measures allowing Royal Navy commanders to shoot first in a wide area of the South Atlantic, have greatly heightened military tension.

In the absence of comment from the Defence Ministry it must be assumed that the intention is to capture South Georgia and that further news is being withheld until success can be reported.

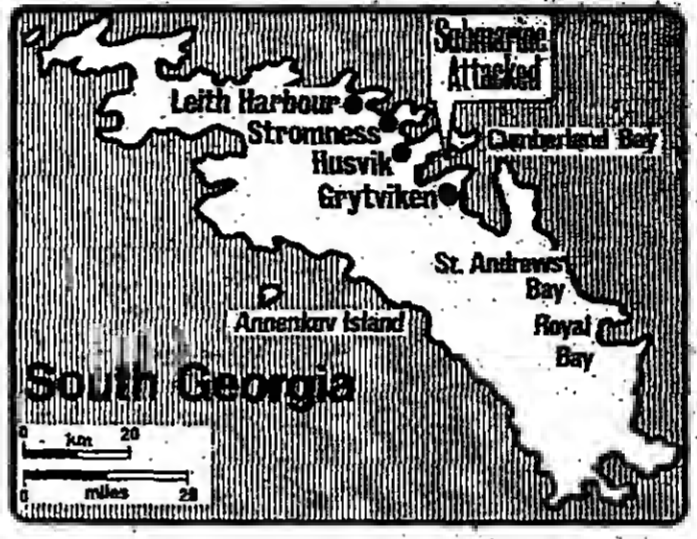
The action against South Georgia is intended to maintain pressure on the Argentine Government to negotiate a diplomatic settlement acceptable to Britain.

Mrs Thatcher, the Prime Minister, made a point of stressing last week that South Georgia was a separate dependency and a separate political issue from the Falkland Islands themselves — whose military recapture could involve heavy loss of life. South Georgia is mountainous and, with the onset of winter in the South Atlantic extremely inhospitable. But though there are icebergs in the surrounding seas, the islands few harbours are ice free and could provide anchorage, if not berths, for British warships.

The warships would otherwise be dependent on Ascension Island, 3,500 miles from the Falklands, as their nearest land base.

South Georgia is normally uninhabited (some 13 British scientists are currently there). There is no airstrip or roads. But it is thought that the island could provide elementary landing both for the helicopters with the fleet, and possibly for the 20 Harrier jump jets with the aircraft carriers HMS Invincible and Hermes.

However there is no confirmation that the main body of the task force is in the vicinity of



South Georgia at this time. The recapture of South Georgia will provide exercise and operational experience for the Marine commandos who have had nearly three weeks at sea, experiencing in the last few

## UK concedes it is 'warlike activity'

BY MARGARET VAN HATTEN

THE GOVERNMENT yesterday conceded that a state of "warlike activity" exists between Britain and Argentina. This followed a Ministry of Defence announcement that British forces had landed on the island of South Georgia soon after British helicopters attacked an Argentine submarine discovered "close off the coast."

The landing appears to have been timed to put maximum pressure on the Argentine Government as talks resumed in Washington between Mr Alexander Haig, the U.S. Secretary of State, and Mr Nicanor Costa Mendez, the Argentine Foreign Minister.

The outbreak of military hostilities is likely to put heavy strains on the all-party support the Government has enjoyed until now. Mr Michael Foot, the Labour leader, said he doubted whether the use of force was justified if Britain had, as reported, fired first, and that he was "very critical" of its use in these circumstances.

The incident increased the necessity of a return to the negotiating table, Mr Foot said in the Weekend World television programme.

The Government has not ruled out the possibility of an eleventh hour breakthrough in the negotiating process, though the mood in Whitehall yesterday was not optimistic.

The Government is anxious to stress its willingness to be flexible in considering proposals for an interim administration on the Falkland Islands, following the withdrawal of Argentine troops and pending the negotiation of a more permanent settlement. It also appears ready to consider some explicit form of recognition of Argentina's claims in this interim period.

What form this might take appears to be among the main points under discussion between Mr Haig and Mr Costa Mendez, following the British Government's comments on American proposals put to Mr Francisco de Goyena, the Foreign Secretary, in Washington on Friday.

Mr Foot reported to Mrs Margaret Thatcher, the Prime Minister, on his return from Washington on Saturday morning. He spent much of the day and most of Sunday afternoon with the Prime Minister. Mr William Whitelaw, Mr John Nott, Mr Cecil Parkinson and Mr Geoffrey Howe, the Conservative Chief Secretary to the Treasury, were also understood to include a proposal, cautiously welcomed in London, that the Falkland Islanders should be allowed to vote on their future at the end of an interim period, and that the wording of the proposition to be put in them might not be negotiated until after the withdrawal of troops.

However, the American ideas are understood still to present "serious difficulties" for the British Government.

Meanwhile Mr John Nott, the Defence Secretary, is expected to make a statement to the Commons later today, giving further details of yesterday's landing

## Arabs discuss aid for Nigeria

BY RICHARD JOHNS

ARAB oil-producing states are discussing financial assistance for Nigeria, according to Sheikh Ahmed Zaki Yamani, Saudi Oil Minister.

He expressed confidence at the weekend that the Organisation of Petroleum Exporting Countries could defend its \$34 reference price.

"We think our problem is coming to an end," he said in Riyadh after a meeting of Gulf Co-operation Council oil ministers.

Earlier Dr Mana al Otaibi, the United Arab Emirates' Oil Minister, reported on last week's Vienna session of the special Opec committee, chaired by him, set up to monitor the market.

It concluded that the reuniting price structure agreed by Opec for 1982 could be maintained in spite of a slump in output to 15.85m barrels a day this month, the lowest level for 20 years.

Nigeria told the committee its output was running at 900,000 b/d, compared with the 830,000 b/d to which it plummeted in the wake of the Opec extraordinary conference held on March 19-20.

That rate, however, is almost 40 per cent less than the 1.3m b/d allocated to the revenue-hungry West African producer under the production-sharing plan agreed by Opec.

Ecuador is also hard-pressed, largely because of the UK-Argentine confrontation on the Falkland Islands, Sr Humberto Calderon Herri, Venezuelan Minister of Mines and Energy, said in Vienna last week.

He, and the chief delegates of Indonesia and Algeria, are members of the committee, which decided no sanctions were called for against oil companies alleged earlier by Saudi Arabia to have been victimising.

A significant proportion of Ecuador's output of 200,000 b/d is committed to Brazil and Ecuador, according to Sr Calderon. It has been diverted from the Cape Horn route to the Panama Canal, which is congested.

Libya's output has probably dropped to 450,000 b/d. Iran is suspected to be selling oil at a discount.

The committee is scheduled to review the market in Caracas on March 18, ahead of the next Opec full ministerial conference set for Quito on May 25.

See Cameroon writes: The UK's major oil companies are preparing to push up pump-petrol prices by about 4p a gallon in the coming week. The increase, the third of its kind in a month, will take the average price of four-star to about 167p a gallon.

The pump-price rise will follow more cuts in subsidies oil companies are giving to dealers. Industry experts reckon that average price-support for dealers is running still at a massive 15p a gallon, even though the oil majors have stopped the special extra subsidies to garages in particularly competitive areas.

This week's planned round of increases at the pumps comes in the wake of significant rises in the European spot market price of oil and oil-products.

Most of the big oil companies take a high proportion of their UK oil requirements from the North Sea — and traders report that spot prices of North Sea crudes have risen particularly sharply. The spot price of crude from the North Sea's Ekofisk field is said to have gone up from \$32 to \$34.50 a barrel over the last week while Forties oil has risen from \$31.50 to \$33.75 a barrel. The increase in spot market prices follows a further cut in the Organisation of Petroleum Exporting Countries' crude production from 17.5m to 15.85m barrels a day.

The rising spot market has coincided with two successful attempts to push up pump prices

Continued on Back Page

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OVERSEAS NEWS

Pym poised to tackle EEC budget wrangle

BY JOHN WYLES IN BRUSSELS

BRITAIN'S Foreign Secretary, Mr Francis Pym, is planning to make his first attempt to resolve Britain's long-running wrangle with its European Community partners over budget contributions.



M. Mauroy: his commitment at issue

Attack on Mauroy sparks row

By Terry Dodsworth in Paris

THE RECENT squabbles within the French Socialist Party over the apparent lack of co-ordination in the Government re-emerged at the weekend when M Pierre Joxe, president of the Socialist Party in the National Assembly, was quoted as criticising M Pierre Mauroy, the Prime Minister, for "delayed ignition."

Programme of reflation urged by ICFTU

BY OUR BRUSSELS CORRESPONDENT

A CALL FOR concerted international reflation based on increased public investment is made today by the Brussels-based International Confederation of Free Trade Unions representing 85m workers in 131 affiliates around the world.

EGYPT HERALDS SINAI RECOVERY

Rift opens over Cairo's return to Arab fold

BY IHSAN HIJAZI IN BEIRUT

WITH EGYPT heralding the recovery of Sinai from Israel yesterday as the dawn of a new era in the Middle East, the Arab world is split on whether Cairo ought to be re-admitted to the Arab fold.

Demonstrations broke out yesterday in several towns on the occupied West Bank of Jordan following a call by Palestinian leaders for protests against the continued implementation of the Egyptian-Israeli peace treaty.

time. Liberation Organisation and Syria.

PLO chairman Yasser Arafat in recent Press interviews indicated that Egypt would return to Arab ranks. However, his second-in-command, Mr Abu Iyad, has voiced criticism of President Hosni Mubarak in speeches during the past few weeks.



Yasser Arafat: Egypt will return to ranks

Disorder amid the border post ceremonial

By Anthony McDermott near Rafah, North Sinai

ISRAEL'S return of Sinai after nearly 15 years of occupation was formalised yesterday with the raising of the Egyptian flag by the Governor of Northern Sinai, Major-General Yousef Sabri Abdallah.

Warsaw's imports from West 'must continue'

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S IMPORT dependence on the West cannot easily be changed in the short term, despite the Western freeze on credits.

Mr Gwiazda, of course insisted that the policy of switching trade towards Comecon must continue but his remarks contrast with earlier official statements that closer links with the socialist bloc would help resolve Poland's economic crisis.

Editors at the Polish news agency, PAP, said the text of the speech would be released Sunday, but officials visited Khartoum last week and carried a message to President Nimeiry from President Saddam Hussein. The regime in Baghdad may eventually seek re-alignment with Egypt and the Sudan against the alliance between Syria and Iran.

Schmidt to seek Kadar's views on Poland

BY LESLIE COLT IN BERLIN

HUNGARY'S leader, Mr Janos Kadar, will become the first leader of a Warsaw pact country to visit the West since martial law was declared in Poland, when he arrives in West Germany tomorrow.

was especially important as West Germany had come under growing U.S. pressure to revise its Ostpolitik since President Reagan took office.

forces in the Polish Communist leadership will prevail, and thus justify its own refusal to take harsh measures after the Polish military takeover in December.

Bank of Italy opposes devaluation medicine

BY JAMES BUXTON IN ROME

THE BANK OF ITALY has said it is strongly opposed to devaluation as a way of improving Italian competitiveness and reducing the trade deficit.

effect, unless it was accompanied by harsh measures to reduce demand.

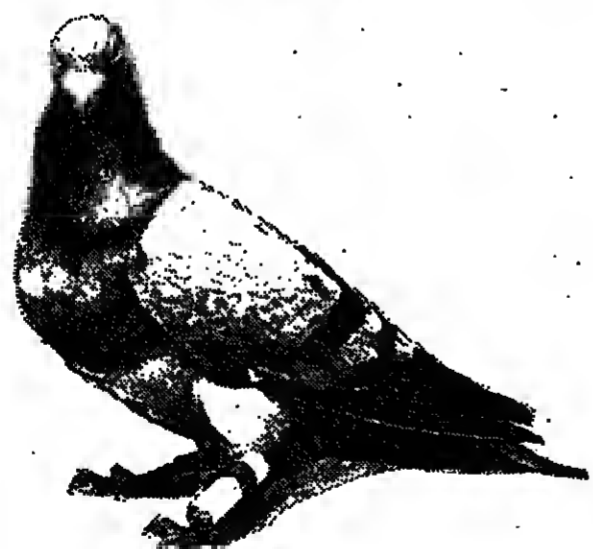
Vietnam drops key economic planner

By Jonathan Sharp in Bangkok

VIETNAM announced a sweeping Cabinet reshuffle at the weekend. The most notable casualty was the key economic planner, Nguyen Lam, who has been an advocate of pragmatic policies involving incentives for workers and farmers.

Mr Leonid Brezhnev was the last Communist leader to visit the West when he went to Bonn in November only three weeks before martial law was proclaimed in Warsaw.

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Infation, running at 16 per cent a year, would have to go down further. There was no possibility of interest rates being reduced—prime lending rate is currently 21.75 per cent—while there was no "concrete anti-inflation policy."

Advertisement for Pearl River Bridge Soy Sauce, featuring a logo and several bottles of the product.

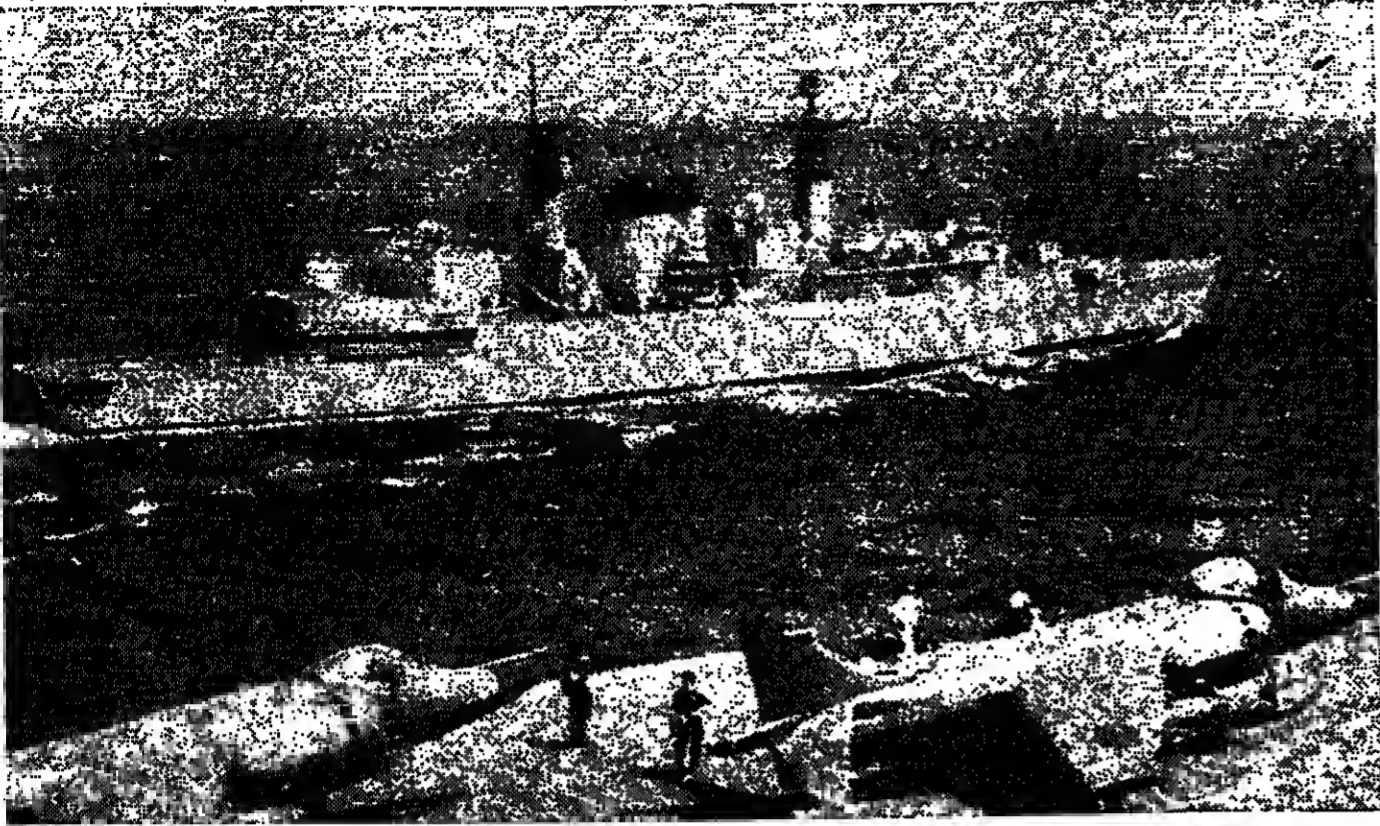


# THE FALKLANDS CRISIS

## ECONOMY TAKES BACK SEAT

# Buenos Aires remains confident

BY JIMMY BURNS AND ANDREW WHITLEY IN BUENOS AIRES



En route to the Falklands: The destroyer Broadsword and the carrier Hermes with Harrier jets on the flight deck.

## Car horns sound in support

BY JIMMY BURNS IN BUENOS AIRES

GROUPS of Argentines converged on Buenos Aires' May Square, yesterday afternoon, following news of the British attack on South Georgia. In what has become a familiar sight, whenever the Falklands crisis has reached a new peak, cavalcades of flag-docked cars and trucks swept around the town centre breaking the normal Sunday quiet with frenetic horn blasts. News of the British action had trickled slowly into Buenos Aires. The British Ministry of Defence had given the news of the helicopter attack in the early hours of Sunday, but for most of the day mention of the incident had been kept from the

Argentines by an increasingly controlled media. Radio stations yesterday afternoon were still conveying a sense of "everything much as usual." Most reports were taken up with news of football and racing events. The Argentine military regime is apparently intent on portraying Britain as violent aggressor, while leaving the Argentines to believe in themselves as innocent victims. The superficial calm, however, is becoming increasingly difficult to maintain and for most of the last week a war atmosphere has been growing. In private conversations, Argentines reflect a mix of tension and confusion, as they try to decipher the news they are

allowed to bear. Argentina is a country of high inflation, even in peacetime, but, as one housewife put it: "Recent price increases have been more dramatic than usual." Items, such as sugar, coffee and dairy products, have increased by between 30 and 100 per cent over the last few days. A new decree has given the armed forces first choice on the purchase of all goods. In schools, children are singing hymns to the "Malvinas" (Falklands) and contributing bars of chocolate to the war effort. According to some reports, some teachers have scrapped Shakespeare from the list of "approved" writers. Another casualty of the crisis

has been "Coming Home," a U.S. film critical of the Vietnam War, which has been banned for being anti-militarist. A curious survivor has been the award-winning film, "Chariots of Fire," which traces the fortunes of two British Olympic gold-medallists. As a comment on the stubbornness, arrogance, courage, and other pitfalls and virtues seen here as British patriotism, "Chariots" has taken on a special meaning. Judging by the blackout of news yesterday, except for items channelled through the military junta, it would seem that the Government has already taken steps to initiate a national mobilisation plan.

"THE PEOPLE—united—will never be defeated." This slogan, the adopted battle hymn of the Peronists who once dominated the politics of Argentina, is not quite the one the present military rulers would have chosen to symbolise their determination to stand firm in the Falklands crisis. But it accurately captures the popular mood after three weeks of negotiations. In this short time, government in Argentina has been surrendered into the hands of the military to a greater extent than at any time since the military coup in 1976. Civilian Cabinet Ministers have been reduced almost to the status of pawns, forced to fall into line behind the main players. Swept up by the popular backing for the invasion the civilian ministers have had no choice but to do what the military demands of them. For their part the military authorities—the uneasy group of generals and senior officers who make up the junta—appear unworried by any of the economic pressures that are crowding in on the country. For now Argentina is governed by "military logic" and the present signs are that it is a logic which allows very little room for further compromise. The economic pressures on the Government are considerable. The shadow of a financial crisis has steadily extended: British sanctions could escalate and shatter Argentina's ability to borrow. Additional military spending involved in the Falklands operations has forced major modifications in the Government's monetary and exchange policies and threatened the anti-inflation drive of Sr Roberto Alemann, the Finance Minister. Yet last week Sr Alemann defiantly published a draft budget largely unchanged from one he had put together before

the invasion. Simultaneously, the occupation and the consolidation on the islands demanded the co-ordination of the army, navy and the airforce. The ease with which this was achieved owes much to President Leopoldo Galtieri's personal standing within the military. During his meteoric rise to power he secured not only the allegiance of the five army commanders, but the personal friendship and trust of Admiral Jorge Anaya, the Navy Chief, and Brig Gen Lemi Dozo, the newly promoted head of the Air Force. However this public unity should not be exaggerated. The final plans for the invasion were drawn up at a time when Sr Alemann—until then widely regarded as highly influential and de facto Prime Minister—was in Colombia attending a meeting of the Inter-American Development Bank. Sr Nicanor Costa Mendez is believed to have been equally left in the dark by the military in the final planning stage and reacted angrily to the news of the invasion. Although he had reluctantly concluded that he had reached deadlock with the British, he thought there was still room for an alternative diplomatic solution. But all that is now in the past. The Argentine people will not be asked to give an opinion on what sort of settlement with Britain, if any, is acceptable. Nor will they be asked whether they should go to war to defend their new possession. Congress has been closed since 1975 when the chaotic Government of Sr Isabella Peron, second wife of the late dictator, declared a State of siege to deal with Left-wing guerrillas. The political parties, outdated and out of touch with contemporary Argentina, remain banned. Their only purpose at this moment is to act as a Greek chorus.

Mrs Thatcher's call for the 1,800 Falkland Islanders to be able to decide their own destiny through a poll or referendum evokes puzzlement in Argentina. People ask: why do their opinions matter when the honour and dignity of great nations is at stake? The last time Argentines voted for anything was in 1973 when Sr Peron was brought back from exile in Spain on a tidal wave of emotion for the half-remembered good times of the past. Few Argentines mind or complain about the fact that they were not consulted. They did not expect to be. One who does mind is Sr Perez Esquivel, the Nobel Peace Prize winner and human rights campaigner. While publicly backing Argentina's right to the Islands, he has complained that because of "political authoritarianism," Argentines have not been kept informed. Yet Argentina is well used to leaders who claim to articulate the popular will in their own person. At the same time it would be a mistake to believe that this unprecedented show of unity automatically means that a compact with the military has been forged. Outside the barracks, none of the top serving officers have any personal popularity or charisma which could be put to a free test. Memories are still fresh of the savage little civil war which pitted today's military commanders against two left-wing guerrilla armies from 1975 to 1978. The disappearance of an estimated 15,000 people out of an urban population of only 15m means that many Argentines have recent personal experience of terror masterminded by their own Government. For the military the Falklands adventure may well have been calculated as a way of submerging the issue once and for all under a flood of patriotism.

## Poll shows backing for Thatcher

By Peter Riddell, Political Editor  
GOVERNMENT'S HANDLING of the Falklands crisis up till now is supported by the majority of the British electorate according to the latest opinion poll. The Conservative Party's standing has also improved substantially in the last fortnight. The poll of just over 1,000 people was conducted last Friday for the Weekend World television programme, by Opinion Research. Mrs Margaret Thatcher's policy of diplomatic efforts backed by the threat of the use of force was strongly supported by 62 per cent of the sample and quite strongly supported by 17 per cent. Only 11 per cent were opposed. These are virtually identical to figures published a fortnight ago. Nearly half of those interviewed were satisfied with the Labour Party's response, with 30 per cent dissatisfied. After eliminating "don't know" the poll showed a 42 per cent support for the Conservatives, compared with 37 per cent a fortnight ago. Labour support was 35 per cent, with the SDP/Liberal Alliance share at 23 per cent. In general, Labour supporters appear significantly less willing to accept casualties than Conservative ones. The results are broadly similar to a MORI poll in last Friday's issue of the Economist.

## Costa Mendez in U.S. for more talks with Haig

BY REGINALD DALE, IN WASHINGTON

ARGENTINA'S FOREIGN Minister, Sr Nicanor Costa Mendez, flew to Washington yesterday for further talks with Mr Alexander Haig, the U.S. Secretary of State, on the Falklands. Mr Haig was expected to sound out Sr Costa Mendez on U.S. ideas for resolving the crisis. Today, Sr Costa Mendez is due to attend a ministerial meeting called by Argentina, of the 21 signatories of the 1947 Rio Treaty providing for mutual assistance in the event of an attack on any American nation. Action under the Treaty, of which the U.S. is a signatory, can range from diplomatic and economic sanctions to the use of armed force. Last night, it appeared that Argentina had yet to make up its mind on the form of collective support it would seek, although it is considered unthinkable that the U.S. would provide Buenos Aires with military help. Sir Nicholas Henderson, the British Ambassador in Washington, said that negotiations were "by no means at the end of the road." But he said that Argentina had not yet put forward an acceptable solution Britain could accept. There would only be serious negotiations when the Buenos Aires Government realised it could not leave its forces on the islands "with impunity." Sir Nicholas said he had no doubt that the U.S. would side with Britain, if Argentina remained intransigent. Two influential members of Congress, Republican senator Mr John Tower of Texas and Democratic senator Mr Henry Jackson of Washington, appeared to bear him out. Senator Tower, who is chairman of the Senate Armed Services Committee, said that the U.S. should supply intelligence and logistic support to the British task force; but the U.S. should not send the fleet to support the British ships "because they want to do this on their own." People wishing to write to relations serving in the Falklands task force should send letters with name, rank, number and ship, to British Forces Post Office (BFPO) 668, the Ministry of Defence advised last night. Some telegrams have been received but the Ministry has pointed out that the BFPO has no means of sending these. Three British journalists have been remanded in custody by an Argentine judge on charges of espionage. Simon Winchester of the Sunday Times, Ian Mather and Tony Fray, both of the Observer, face up to eight years in prison, officials said. Their defence lawyer can request their release pending trial. The three were arrested two weeks ago on charges of taking photographs of military installations.

## EEC BAN ON IMPORTS Goods may still flow in

BY TERRY POVEY

THE FLOW of goods from Argentina into the EEC may not be affected for several months despite the European Community's import ban that came into effect on April 16. A separate UK embargo has, however, led to an almost immediate cessation of bilateral trade. The reason lies in the difference in the working of the EEC decision from that taken by the UK. Whereas the UK's ban applies to all goods not on board ship before midnight on April 6 that of the EEC allows continued imports of goods covered by existing contracts. All orders destined for the UK should arrive before the end of this month. The EEC ban which is for one month only, is therefore being seen by traders as essentially a political act. Major UK meat importers say that the UK's ban would prevent them importing orders for which letters of credit had already been opened but that this would not be the case throughout the rest of the Community. They add that most of the meat orders up to June are likely to be exempt from the EEC ban. Europe is Argentina's second largest market for meat: in 1981 a quarter of Argentina's chilled and frozen beef—88,000 tonnes valued at \$120m (£60m)—was bought by the EEC member states. In addition almost half of the country's canned beef, worth a further \$230m, went to the Community. Only the Soviet

Union buys more Argentine meat than the EEC. Despite the importance of the meat trade for Argentina it is small in comparison with the EEC's annual total consumption, estimated at 7m tonnes. It is only where beef used for processing that any shortfall will be strongly felt. Before the EEC ban was introduced, traders were already anticipating 1982 would be a difficult year for the processed beef industry. Should the ban continue for long "the second half of the year is bound to see prices rising," they say. "Alternative supplies of beef for processing would have to be sought as EEC intervention stocks are very low at the present time." Other sources are Brazil, Uruguay, Australia and New Zealand. The need for replacements to supply corned beef in the UK itself may be offset by the fall in demand for all tinned beef since the start of the Falklands crisis. "Consumers seem to believe that all corned beef comes from Argentina and sales have fallen off quite considerably," said one supermarket chain manager. Many supermarkets have taken Argentine-produced corned beef off their shelves altogether. Sales of Argentine hides and leather to the EEC were only worth \$30m last year, with Italy taking the largest share. Very little by way of raw hides from Argentina enters the UK but some 3m sq ft of semi-finished leather is imported, according to the British Leather Federation. The effect of the ban on this commodity would be "just a ripple for the EEC" with substantial stocks in the Netherlands being used to make up for any shortages over the next one to two months. Although grain exports are Argentina's largest single source of foreign earnings, \$3.2bn out of an estimated total of \$9bn in 1981, 75 per cent is sold under contract to the Soviet Union so the Community's ban is unlikely to affect either prices or the overall pattern of supply and demand. According to the International Wheat Council only 116,000 tonnes, worth just over \$25m, of wheat was imported in 1980/81 into the EEC and all of this was of the variety used in the production of pasta and went to Italy. Cereal substitutes, the only area of significant grain sales to the Community—in this case some half a million tonnes of bran worth \$75m a year for animal fodder. Finally although the London futures market has banned deliveries of Argentine sugar the small quantities involved can easily be switched onto other markets, such as that in New York.

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WORLD TRADE NEWS

# Boeing 767 order book strong despite recession

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING OF the U.S. remains confident that sales of its new 767 twin-engine medium-range jet airliner will continue to flow in, despite the current recession world-wide and threatened changes in U.S. tax legislation that might make it more difficult for U.S. airlines to buy the aircraft.

Sales of the aircraft to date still stand at 173 firm orders with another 198 on option. The company stresses that no orders for the 767 have been cancelled, although United Airlines has asked that work on 20 aircraft out of its 39 on order be suspended pending clarification of the U.S. tax law situation.

The latter problem stems from efforts by a U.S. Senator to seek the repeal of "Safe Harbour" legislation, which enables an airline incurring losses to sell its tax benefits on new aircraft leases to another, profitable, company outside the airline industry. Last year alone, the U.S. airlines are estimated to have generated \$250m in gains by selling such tax benefits.

This legislation has enabled

several U.S. airlines to order aircraft they might not otherwise have been able to procure.

Any changes in the legislation might well affect future purchases of big jets by U.S. airlines. As a result, Boeing and other aircraft manufacturers are fighting the proposed legislative reform vigorously.

The United decision to seek suspension of work on 20 767s does not at this stage hurt the production line. The aircraft involved are a long way back in the production sequence, and before they fall due for manufacture Boeing hopes the tax legislation uncertainties will have been removed, allowing United to authorise a resumption of work on the aircraft.

In the interim, work on United's first 19 aircraft is moving ahead.

By mid-April, Boeing had produced 13 767s for United and other customers, with another five aircraft in final assembly and a further 20 in major assembly on the Seattle production line.

By the end of this year, Boeing will have rolled out

more than 40 767s, and the production rate will be rising through 1983.

In the test programme, over 1,000 hours of flying had been achieved by mid-April, in close to 900 flights, with five aircraft involved and a sixth about to join the programme.

As a result of the flight tests to date, Boeing has improved the fuel consumption of the aircraft by 4.5 per cent for a 1,000 nautical miles stage length, and has extended the aircraft's available range by 230 nautical miles.

The company is now planning to increase the maximum gross take-off weight from 300,000 lb to 330,000 lb to give more range and/or payload. A further development envisaged is an extended fuselage version to give increased seating capacity.

Although basically a 211-seat aircraft, the 767 already can be configured to seat up to 256 in different seating versions, and with the fuselage extension this could be further expanded.

With the increased take-off weight to 330,000 lb, the 767



Boeing's new 767s get ready to roll out.

would be able to fly non-stop from London to New York or Chicago.

The overall aim of the flight test programme is to win a

Certificate of Airworthiness by July, this year, with deliveries to United Air Lines and other U.S. customers starting soon after.

# Converted DC-8s face first commercial test

BY PAUL BETTS IN NEW YORK

DELTA AIRLINES, one of the most successful of U.S. airlines, officially launched at the weekend what could become a significant trend in commercial aviation with the roll-out of the first of its converted and re-engined fleet of 13 McDonnell-Douglas DC-8 long-range, narrow-bodied passenger jets.

The converted and modernised DC-8 is powered by four CFM-56 engines, jointly manufactured by General Electric of the U.S. and Snecma of France. United Airlines, the largest of the U.S. carriers, is also

scheduled to roll-out its first converted and re-engined DC-8 next month.

Mr Julian May, Delta's engineering vice-president, said the new CFM-56 engines "will result in one of the quietest jetliners ever to enter commercial airline operations."

At the same time, the GE-Snecma joint engine venture is the first to have won U.S. Federal Aviation Authority certification under the FAA's new emission and noise regulations for 1983.

According to Mr Jackson

McGowan, president of Cammacorp, the company in charge of the DC-8 modification programme and a former president of the Douglas Aircraft Corporation, the McDonnell-Douglas division which originally made the DC-8, "the new engine makes the DC-8 30 per cent quieter than the stringent noise limits required under FAA new regulations."

He claimed the engines make the modified DC-8 competitive with third generation jet aircraft. Although the aircraft has been out of production

since the early 1970s, it is still regarded as one of the most durable of the older, narrow-bodied commercial jetliners.

At a time when virtually all major commercial airlines are under increasing financial pressure, the aviation industry sees bright prospects for re-engining and modification programmes of these first generation aircraft.

The investment savings represented by such programmes are significant. According to Cammacorp, the price in dollars per seat for a new aircraft ranges between \$100,000 and

\$150,000. In the case of the modified DC-8, the dollar-per-seat price ranges between \$45,000 to \$80,000.

Indeed, Cammacorp says it already has 94 firm aircraft modification orders for the 243 potential DC-8 aircraft available around the world for re-engining.

Moreover, the CFM-56 engine jointly produced by GE and Snecma has already been selected by the U.S. and French air forces for the KC-135 and C-135F tanker re-engining programmes.

# China daily urges controls on imports

By Tony Walker in Peking

CHINA'S leading newspaper called at the weekend for stricter controls to be placed on imports that were providing undue competition for local industry.

The People's Daily, the Communist Party newspaper, said in a front page editorial that China should import only advanced equipment that was essential and put strict controls on those goods which can be manufactured at home.

The paper mentioned particularly imports of TV sets, radio cassette recorders and wrist watches which have flooded China in recent years, mostly from Japan, Hong Kong and Taiwan.

This is the second time in less than a week that the party newspaper has expressed strong protectionist sentiments in its columns.

Last Monday, the People's Daily quoted officials in Shanghai as saying that, while China continues to import large numbers of passenger vehicles, the country's main car manufacturing plant in Shanghai cannot get sufficient funds to modernise.

An official in the motor industry in Shanghai pointed out that the import of 16,384 passenger vehicles into China in the first 10 months of last year was equivalent to more than four times total investment in the Shanghai plant.

In the same story, the manager of the Shanghai Watch Company was quoted as saying that the import of 5m watches into China annually was making things difficult for local industry.

The watch company official called for "laws limiting imports of consumer goods" and opposition to "blind faith in foreign things."

Another example of undue foreign competition given in the same story was that of the Shanghai Computer Company which is now having to compete with highly sophisticated imported products.

An official of the computer company disagreed with the policy which allows foreign-made components to be assembled under licence in China as this was "equivalent to opening the Chinese market to foreign businessmen, and those who would profit most would be foreign firms."

The People's Daily editorial at the weekend indicates strong sympathy at senior Government levels for the plight of backward Chinese enterprises which are finding it almost impossible to compete with imports.

However, the party newspaper sounded a note of caution. "The policy of opening its domestic market is one of China's basic policies," the editorial stated. "And it is neither necessary nor possible for the country to engage in modernisation behind closed doors."

At the same time as Chinese enterprises are meeting unwelcome competition from outside the country, problems of internal protectionism are also arising.

Last week, the authorities issued a 10-point set of regulations aimed at preventing local officials putting barriers in the way of the free movement and sale of Chinese-made goods around the country.

Meanwhile, China is continuing its drive to attract foreign investment. Yao Yilin, a Vice-Premier and head of China's state planning commission, was quoted at the weekend as saying that China needed overseas funds and would not suddenly change economic direction.

However, he warned that foreign businessmen should not expect China to engage in large-scale projects for the time being. "We ought to increase trade step by step... in case big mistakes occur," he told a visiting delegation from the Stanford Research Institute of the U.S.

He called on foreign businessmen to co-operate in developing China's energy resources, communications, transport and port facilities.

# Resistance mounts to call for export credit note boost

BY JOHN WYLES IN BRUSSELS

EUROPEAN Commission proposals for raising internationally-agreed minimum interest rates attached to export credits by 0.25 to 1.25 per cent look likely to meet stiff resistance from some EEC finance Ministers meeting in Luxembourg today.

The Ministers have to decide a common Community negotiating position for an attempt which will be made in Paris next week to revise the "Consensus" on export credits operated by the leading industrialised countries in the Organisation for Economic Co-operation and Development.

Consensus interest rates were raised by 2.25 to 2.5 per cent last November after months of wrangling, principally because of U.S. demands for a closing of the gap between existing minimum rates and international market rates.

The new rates were to be reviewed after six months and the U.S. is again pressing for further increases, although somewhat less vigorously than before, officials say. The OECD must also decide whether to re-classify certain countries, principally the Soviet Union, so that they receive less favourable export credit terms, and also arrangements to be applied by Japan whose domestic market rates are lower than the Consensus minimums.

Within the EEC there is little evident enthusiasm for the risk of weakening its export competitiveness through a further boost to interest rates. France, in particular, is expected to be strongly opposed today to the Commission's proposal to seek increases of 0.5 to 1.25 per cent in the interest rates applied to countries in the "relatively rich" category. The Commission also proposes a 0.25 to 0.5 per cent rise in rates applied to "intermediate" category.

But its proposals for negotiating in Paris a reclassification of certain countries may win

stronger support from Ministers today. The EEC has already agreed to try to transfer the Soviet Union from the supermediate to relatively rich category following the declaration of martial law in Poland.

Some OECD members are opposed to such a re-graded political strike against Moscow, so the Commission is suggesting that all countries whose per capita income is higher than \$4,000 should be transferred from the second to the first category. This would transfer East Germany and some other Eastern bloc countries as well as the Soviet Union. At the same time, some newly industrialised countries such as Hong Kong, Singapore and South Korea would be moved from the "relatively poor" to the intermediate category.

Japan is known to be approaching the Paris negotiations in a tough mood aimed at lowering the 9.25 per cent export credit rate it committed itself to last November. This compares with the 10 to 11.25 per cent being applied by the other participants in the Consensus. Japanese domestic rates are now lower than they were last November, but the EEC looks likely to oppose any move, by Tokyo to seek a reduction, in the rate it must attach to its export credits.

Herr Markus Lusser, one of the three top directors of the Swiss National Bank and chief of foreign exchange operations, has rejected pressures that the bank come to the rescue of troubled Swiss exporters with new subsidies for export financing. AP-DJ reports from Basle.

In a speech before a meeting of the Swiss Association of Exporters on Saturday, Herr Lusser said that the main contribution which the National Bank can make to support the export industry consists in directing monetary policy towards stable economic conditions, particularly in the assurance of price stability.

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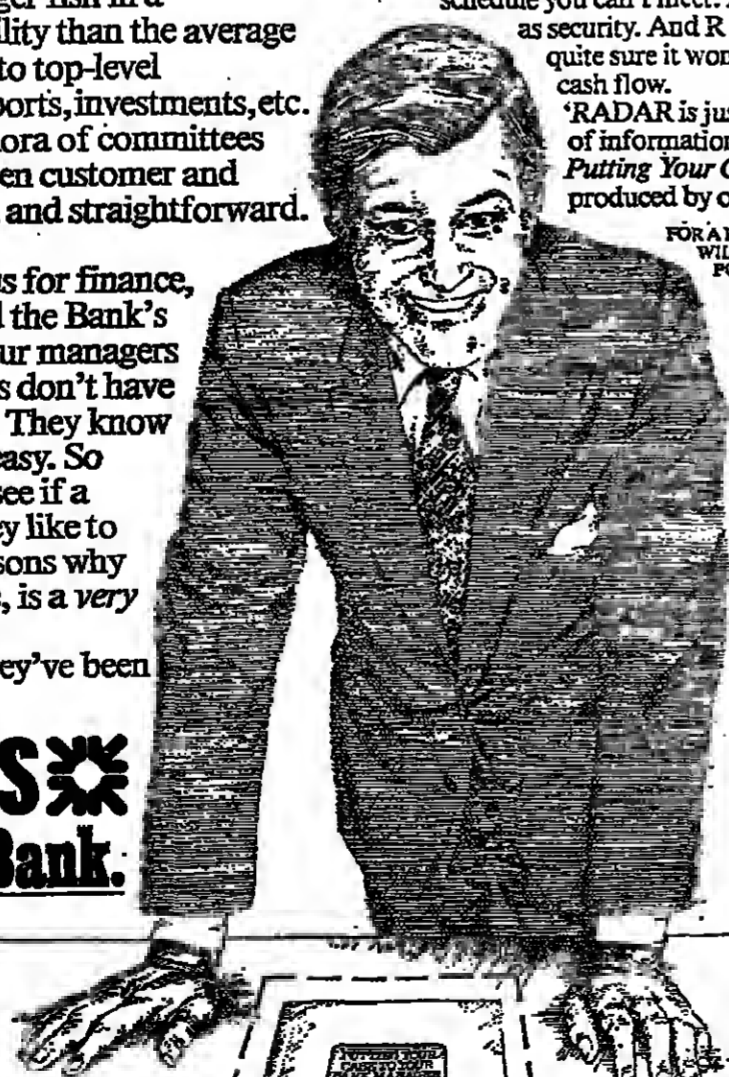
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B.S. 59

# SHIPPING REPORT Hope for tanker outlook

BY OUR SHIPPING CORRESPONDENT

THE HARD-PRESSED tanker market started to show some sparkle last week, but brokers were cautious about prospects for a sustained improvement. Rates remain low and the surplus of tonnage, especially for large ships, is still acute.

Galbraith Wrightson said activity had alternated between bouts of hectic trading and relative calm. With the crisis in the Falklands continuing, tension in the Middle East and uncertainty over oil prices, "there remains a chance that, for the next two or three weeks at least, the market will be more febrile."

While rates from the Mediterranean and UK have moved up, the Arabian Gulf has not shown

much improvement. Galbraith said VLCC (very large crude carrier) rates were static at around Worldscale 20. "If there is a general hardening in rates, it is likely to be most noticeable from the Mediterranean terminals."

For part cargoes of 120,000-125,000 tons, said E. A. Gibson, levels of Worldscale 50 or so have been fixed from the Gulf via the Suez Canal. Demand for smaller vessels from the Gulf has improved, though not with any marked rise in rates.

There are now far fewer VLCCs and ULCCs (ultra large) in the Gulf, so that choice for charterers has been reduced, noted Gibson.

# World Economic Indicators

	RETAIL PRICES (1975 = 100)				% change over previous year
	Mar. '82	Feb. '82	Jan. '82	Mar. '81	
UK	232.6	230.5	230.4	210.7	10.4
W. Germany	133.7	133.4	132.2	126.4	5.8
France	206.9	195.9	196.9	176.4	13.9
Belgium	133.9	133.5	132.1	123.1	7.6
Netherlands	149.6	148.9	148.4	139.8	7.0
Italy	281.1	277.4	273.5	240.4	16.9
U.S.	175.8	175.2	174.4	163.2	7.7
Japan	146.2	146.2	146.1	141.4	3.4

Source: (except UK): Eurostat

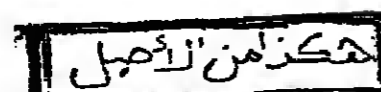


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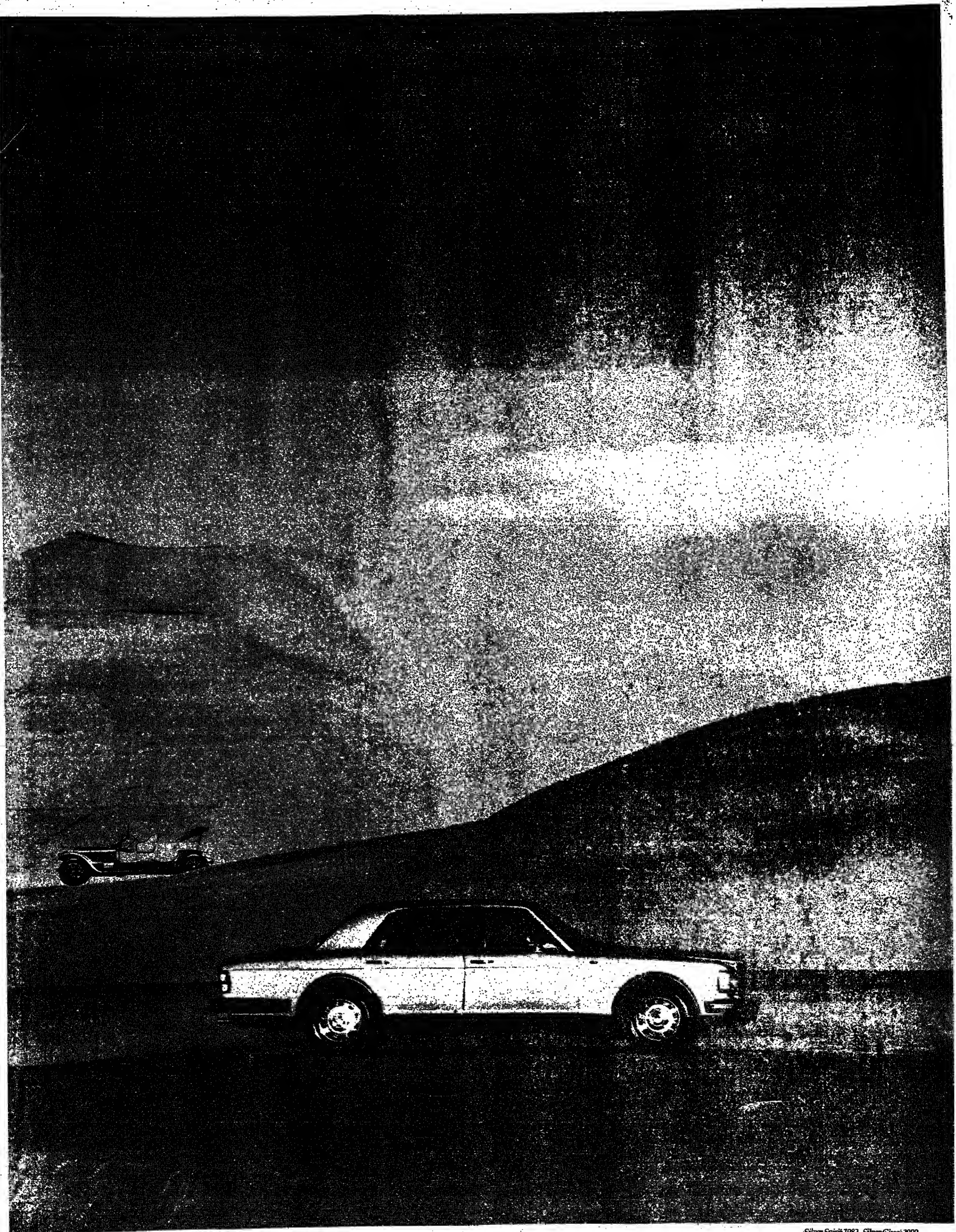
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# Cautious canvassing in Manchester

Ian Hargreaves assesses 'the heartland of Socialism'

"NEVER HAVE I known an election like this one," says Mr Cecil Franks, leader of Manchester City Council's Conservative group.

Few of Mr Franks' opponents in Britain's second city would quarrel with this and caution is the principal characteristic of canvassers working for next month's local council election.

The main reasons for that caution are said to be the arrival of the Social Democratic Party—Liberal Alliance, a split in the ruling Labour group, the Falklands crisis and ward-boundary changes which mean all the council's 59 seats are being contested rather than the usual 33.

On paper the Labour Party should hold the city at a stroll. It has run Manchester town hall, except in 1967-71, since the Second World War and is defending a majority of 65-34 against all other parties. Even in the Thatcher landslide Manchester was fairly durable for Labour. It produced a 2.1 per cent swing compared with 5.2 per cent nationwide.

## Promising

A usual mid-term anti-Government swing, perhaps extended by a local unemployment rate of 15 per cent, should be creating conditions for a record Labour performance.

That analysis reckons without the Alliance, however, which could scarcely have expected a more promising scenario had it written the script itself.

The Tories shook off, in recent years only, the dead hand of the local urban squararchy and the ruinous organisation associated with it. They are led by the excitable Mr Franks, a solicitor who was

once a Labour councillor in neighbouring Salford.

Mr Franks professes to be left of centre still on social policy. His most eye-catching proposals, however, are for the wholesale privatisation of city services, public support for Greater Manchester's controversial Chief Constable, John Anderton, and a cut in rates.

Labour has indulged in a rite of self-mutilation. A group of 22 councillors, backed by a City Labour Party under left-wing control, resisted its own leadership on important issues. It then tried to use the city's party machine to stop reselection of old-guard councillors for this election. The row was quelled only after intervention by the party's national executive committee.

The widest division between the two factions is the rebels' insistence that unlike the ruling group they would not accept the Thatcher Administration's spending cuts. The implication is they will step outside the law on this if necessary. A more succinct and emotional split concerns the rebels' pledge to scrap the office of Lord Mayor.

The City Labour Party element, led by Councillor Graham Stringer, an unemployed chemist, had the whip-hand drafting the party's election manifesto. Conditions would appear perfect, therefore, for an Alliance campaign to romp through the centre.

Alliance leaders, however, sound uncertain, at least at this early stage in the campaign. They are confident they can destroy the Tory vote in the party's few remaining strong-

holds, chiefly on the wealthier, Cheshire side of the city.

Councillor Keith Whitmore, a leading Liberal, says the Tories will be cut from 25 to nine seats. Only the Tories disagree with this analysis.

The problem in Manchester is that to win the outer ring of wards is insufficient to win the election. In spite of a migrating population the core vote is still in the city centre and the ring beyond that.

In most of these wards more than half the homes are council-owned.

## Winnable

Mr Chris Muir, a Scottish-born small businessman, a local football-club director and, until recently, was a life-time Labour Party activist. He believes some of these areas are winnable.

The drawback is organisation. The Liberals have a well-founded base in three or four of the city's 33 wards. The SDP has no, however, had time even to create ward parties.

In Manchester, however, the Alliance is better organised than in Salford. There there is also an all-out election, but the Alliance has not fielded even a full slate of candidates. There is no doubt Labour will hold Salford comfortable on May 6.

It may be, too, that those who see the Alliance storming through the centre to take overall control misunderstand their opponents.

For example, the Tories, whose vote is under great pressure, have improved their organisation—a recruitment drive gained 600 new members in the



past year—and arguably are closer to their bedrock representation, having lost almost half their city council seats since 1978.

More importantly Labour, though it will suffer from its in-house quarrelsome image, has had some of its ward-level efforts rejuvenated by the rise of the new group.

Further, even in terms of policy, the manifesto's emphasis on more open government and on devolution of power and administration to the neighbourhood level is both fashionable and fashionable and intrudes on Liberal ground.

The SDP campaign has been deliberately blud, emphasising new styles and new people rather than policies, a risky tactic when candidates are not well known.

Mr Muir says the result is wide open. "We could have six seats or we could take control. But if we win we will have proved the Alliance can win in the heartland of Socialism."

Existing state of the parties on Manchester City Council Labour, 65 seats; Conservative, 25; Liberal, 4; Social Democratic Party, 5.

# Amersham to move into non-nuclear health care

By David Fishlock, Science Editor

Amersham International, the British radio-chemicals company which went public in a blaze of publicity in February, is abandoning some of its nuclear business and broadening into non-nuclear aspects of health care, including biotechnology.

Amersham's briefing for brokers are telling the City that the company is becoming a specialist in health care, says Dr Stuart Burgess, managing director.

Amersham, formerly the Radiochemical Centre, was over-subscribed more than 20 times when the public was given a rare opportunity to invest directly in the British nuclear industry.

The bedrock of its present profitability is a catalogue of about 40 diagnostic kits used by hospital technicians for quick disease tests. The kits use radio-active materials, made in reactors and atom-smashers, as the basis of their speed and accuracy.

They account for half Amersham's business, and the market is growing faster than for the other main business sectors, radio-chemicals for research and industry. Dr Burgess said.

But 90 per cent of the skill that goes into a diagnostic kit has nothing to do with its radio-activity, he says.

Moreover, diagnostic kits using other ways of detecting disease, including enzymes and fluorescence, are showing increasing promise for some diseases.

Another promising possibility is that better radio-active kits may be made by combining them with new biotechnology developments in "genetic engineering," such as monoclonal antibodies.

Amersham launched two or three new kits and several "improved" kits a year.

Dr Burgess sees the way the health care market is developing "not as a threat but essentially as an opportunity."

Already, so little radio-activity is required by kits that it is becoming incidental in the bulk of Amersham's business. The company finds itself selling less and less radio-activity per product, he says.

He plans to abandon one product using intense levels of radio-activity.

It has warned customers that supplies from Amersham of cobalt-60 will be restricted for the next three years and then will cease. France is the main alternative for British users.

But Amersham will continue to supply cobalt-60 and other highly radio-active sources to hospitals for cancer therapy, and to service these highly sophisticated products.

## Journalist to head policy unit

Financial Times Reporter

MR FERDINAND MOUNT, political correspondent of the Spectator, is to head the Prime Minister's policy unit. He will take over from Mr John Hoskyns at the end of the month.

The unit was set up when the Government came to power. It advises Mrs Thatcher on political and policy matters. It works beside the broader-ranging Central Policy Review Staff, the "think-tank."

# Accountants back call for local income tax

BY ROBIN PAULEY

POWERFUL SUPPORT for the retention of domestic rates and the introduction of a local income tax comes today from public and private sector accountants and the TUC.

The Consultative Committee of Accountancy Bodies, which groups together all the major accountancy organisations, says the most important reform for rates should be the introduction of the present system of national rentals on which rates are calculated. The TUC agrees.

The accountants also say in their response to the Government's Green Paper on alternatives to domestic rates that a local income tax could provide a substantial yield and ensure local accountability. But administrative difficulties would prevent it being introduced in the near future. The TUC also makes the same point.

However, the computerisation of income tax presented an opportunity to plan the development of a local income tax and so a decision should be taken now to examine in depth the practicability and methods of administering such a tax, the paper says.

Until that can be introduced, the accountants advocate the introduction of some form of levy on income earning non-householders, who do not currently pay any local tax. But they reject the idea of a poll tax as a substitute for domestic rates.

They also reject the idea of a local sales tax, which the Government has now abandoned although it was once the Prime Minister's favoured option. Mr Tom King, Local Government Minister, told Conservative backbenchers last week that a sales tax was now dead and no more work would be done on it.

The accountants also say that local accountability would be improved by increasing the proportion of local spending funded by fees and charges. But these could not replace domestic rates without other radical changes, such as the introduction of a negative income tax.

The TUC says that although it supports a change to capital valuations for rating assessments, close attention should be paid to the possibility of a disproportionate impact of the revaluation falling on those in smaller houses.

The TUC also calls for a thorough and wide-ranging review of local government finance and structure, ideally looking for a basis of agreement between Government and Opposition on the outline and the details of reform before any major changes are implemented.

# System of protecting investors a mess, pensions conference told

BY ERIC SHORT

THE SYSTEM of protecting investors in the UK was regarded as a fringe element, Professor James Gower told delegates at the final day of the 1982 conference of the National Association of Pension Funds (NAPF) in Bournemouth. He urged pension funds and other leading financial institutions to give their full support to the National Association of Dealers and Investment Managers (NASDIM) in its efforts to provide an effective regulatory service for investment managers.

Professor Gower was outlining his recently-published discussion document on investment protection. He was appointed by the Secretary of State for Trade to review the system.

He said there was no other conclusion but that it was ineffective in protecting investors from both unscrupulous and ignorant providers of investment services.

The Prevention of Frauds Act tried, but failed to do this. It had resulted in two classes of investment services—the elite, such as the major institutions exemplified under the Act, and

those bodies which were like dealers and had come to be regarded as a fringe element.

This differential would disappear if the major institutions joined NASDIM, he said. NASDIM replaced the old Licensed Dealers Insecurities Body.

Professor Gower said one practical remedy would be a comprehensive Securities Act administered by a securities commission on the lines of the U.S. Securities Exchange Control, with wide-ranging powers.

He said he had expected total indeed monolithic opposition to this proposal, but was surprised not to find it in initial reactions from many City institutions.

A second remedy—which he preferred—was a series of self-regulatory bodies covering the various sectors of investment services with adequate statutory powers to supervise and monitor members.

Prof. Gower disagreed that pension funds were users rather than providers of investment services. Employees, on becoming members of pension schemes, were making, if only by implication, one of the most

important investment of their lives. He had therefore advocated a Pension Act and felt that pension fund investment managers should be brought within the scope of regulation.

Mr Ken Baker, National Industrial Officer of the General and Municipal Workers Union said early retirement needed close attention, both in the short term, with many redundancies achieved this way, and in the long term, in the face of the microchip revolution's effects on labour demand.

Mr Baker said pension schemes also needed to consider equal status for men and women, a common retirement age, flexible retirement, indexation of pensions and transferability of pension rights.

Mr Kapte, Luxembourg, deputy pensions officer of Unilever said this was an opportune time for companies to re-examine their original decision to stay in or contract out of the state scheme, before the new terms came into effect in April 1983. He said pension scheme managers ought to consider administration and industrial relations aspects as well as financial considerations.

# FT Grocery Prices index still rising

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE FINANCIAL TIMES Grocery Prices Index continued its steady upward trend in April, rising for the ninth month in succession. The April index stood at 147.75, compared with 146.71 in March. In April, 1981, the index was 134.93.

The April rise was due to marginal increases in most sections of the shopping basket, rather than to an upward surge in one particular sector. However, the cost of fresh fruit and vegetables was still higher than expected, with that component of the basket rising by almost 2% to cost in total 2345.18 this month. This rise was probably accounted for by early supplies of summer vegetables not being widely available in all the shops monitored.

The index is compiled from information collected by 25 shoppers who monitor a list of more than 100 grocery items each month. The stores, which are the same sample each month, range from village grocers to superstores.

The index, however, is meant only as a guide to trends in food prices. It should not be taken as an absolute indicator of price levels.

The FT Grocery Prices Index

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## FINANCIAL TIMES SHOPPING BASKET

	APRIL 1982	
	April	March
Dairy produce	728.58	731.29
Sugar, coffee, tea and soft drinks	211.43	212.28
Bread, flour and cereals	321.59	324.35
Preserves and dry groceries	118.41	117.58
Sauces and pickles	55.87	56.11
Canned foods	203.56	199.94
Frozen foods	258.24	254.90
Meat, bacon, etc. (fresh)	641.50	642.01
Fruit and vegetables	345.18	325.20
Non-foods	257.04	253.55
<b>Total</b>	<b>3,141.40</b>	<b>3,119.22</b>

1981: January 130.96; February 131.75; March 132.75; April 134.93; May 136.30; June 137.37; July 136.62; August 135.50; September 136.60; October 137.49; November 140.51; December 141.24.  
1982: January 144.81; February 145.83; March 146.71; April 147.75.

**Financial Highlights**

- as per Dec. 31, 1981
- Balance Sheet Total: 901.0
- Claims on Banks: 441.3
- Loans and Advances to Customers: 430.8
- Credit Volume: 658.0
- Capital Funds: 28.7

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Registered Office Amsterdam

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The issue price will be fixed on April 26, 1982.

Interest payable annually on June 1 without deduction of withholding tax.

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Application has been made for quotation of the Debentures on the Amsterdam Stock Exchange.

Subscription will be open from April 27, 1982 at 09.00 hrs. and will be closed at 15.00 hrs. on that date.

Date of payment: June 1, 1982.

Nederlandsche Middenstandsbank N.V.  
Amsterdam, April 21, 1982.

This announcement appears as a matter of record only.

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# UK NEWS

## SDLP to lobby against Ulster devolution Bill

BY MARGARET VAN HATTEM/LOBBY STAFF

LEADERS of Northern Ireland's main Catholic party, the Social Democratic and Labour Party, will visit Westminster this week in a last-minute attempt to stop the Government's Bill on devolution for Northern Ireland.

Mr John Hume and Mr Seamus Mallon, the SDLP leader and deputy leader, will put their case to Members of Parliament from all main parties, including Mr Michael Foot, the Labour leader, and Mr Don Concannon, the shadow Northern Ireland Secretary.

Their visit coincides with Wednesday's Commons debate on the Northern Ireland White Paper introduced by Mr James Prior, the Northern Ireland Secretary.

The SDLP leaders will say the Government's devolution plans stand no chance of furthering political progress in the Province. Ironically their efforts are more likely to defuse than to promote opposition to the Bill, which was given its First Reading last week.

This is because most opposition comes from Ulster Unionists and Tory backbenchers sympathetic to their cause, some of whom may be reassured by signs of Catholic hostility.

Opposition parties, however, have indicated their broad support for the legislation. They are considered unlikely to retract this, however forceful the SDLP representations.

Labour in particular appears to have reservations about the SDLP's case and the strength and unity of the party itself. Their doubts follow the visit of a Labour delegation to Northern Ireland at the end of last week.

Indeed, at this stage the Government appears to place more

importance than the Opposition on the need for SDLP support. It may be relieved the party did not decide, at a weekend meeting, to boycott proposed autumn elections for a Northern Ireland assembly.

SDLP leaders say the party may yet boycott the elections. If it did, it would then campaign to prevent its supporters voting for other nationalist candidates, such as those of Provisional Sinn Fein, which last week decided to contest the elections on an abstentionist platform.

Although the Government insists the elections would proceed irrespective of SDLP participation, it recognises that an assembly, with no SDLP members, would have little chance to form an executive with the credible cross-community support it insists is the prerequisite for any devolution of power.

## Economists predict 4m jobless by 1990

By David Marsh

THE MODEST economic growth expected for Britain over the next few years under existing policies will not be enough to prevent unemployment rising steadily to well over 4m by the end of the decade, according to the latest report of the Department of Applied Economics at Cambridge University.

The department forecasts a deepening division between the unemployed and those in work who will continue to enjoy rising living standards because of North Sea oil. It warns of "disastrous consequences" from the separation of the country into "two nations".

The pursuit of alternative policies now presents "far greater difficulties" than a few years ago. The UK industrial base has been severely weakened, other industrial countries are suffering recession and the prospects for world economic recovery are bleak, the department says.

Any significant expansion would run the risk of undermining financial confidence at home and overseas. "In the absence of exchange controls, the danger of initiating an uncontrolled fall in sterling and unleashing renewed inflationary pressure is a very real one."

It puts forward four scenarios for the next decade:

Base projection: GDP growth averages 1 per cent between 1983 and 1990; consumer price inflation falls to 6.2 per cent next year and 3.7 per cent by 1990; unemployment rises to 3.4m next year and 4.5m by 1990.

Spontaneous recovery: export performance is assumed to improve by the amount needed to generate GDP growth of 1.5 per cent this year, 2.5 per cent in 1983 and 4 per cent in 1986. Unemployment would peak at 3.2m in 1984, inflation would be 7.9 per cent next year, down to 3.9 per cent by 1990.

Reflation: starting in 1984, this would be accompanied with substantial increases in Government spending, a temporary incomes policy and re-introduction of exchange controls. Unemployment remains between 3.3m to 3.5m over the decade. Inflation rises to 9.9 per cent by 1990. GNP growth averages only 1.4 per cent between 1986 and 1990, and current account returns to deficit.

A Labour strategy: Starting in 1984, this would involve higher public spending, import controls, a reduction in the exchange rate to boost competitiveness, exchange controls imposed, EEC membership suspended. The result would be a drop in unemployment to 1.9m by 1990, GDP growth averaging 3.6 per cent between 1986 and 1990, and a modest return to current account deficit. But inflation would rise to 8.7 per cent by 1988 and 13.4 per cent by 1990.

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## Cuts in mail collection criticised

By Jason Crisp

THE POST OFFICE has been strongly criticised for its plans to stop the 7 pm mail collection in all but the most central areas of London.

Mr Michael Corby of the Mail Users Association said it would damage efforts to attract business to areas such as Lambeth or Southwark where the last collection would now be at 5.30 pm.

The Post Office said the move arose from Government requirements for it to reduce unit costs by 2 per cent a year. The Post Office Users National Council has accepted the proposal which is expected to save the Post Office £600,000 a year.

However, the Post Office is expected to make £70m profit on its postal business for the year to March 31 1982.

Mr Corby accused the council of being paid £250,000 a year "to dance to the Post Office tune without representing the customers' interests."

The Post Office points out that the cut in service will only affect 2 per cent of the mail in those areas, and that the late collection will continue in the main City and West End commercial areas.

The Post Office said the cuts could improve the quality of service because many first class letters posted late were not being delivered within the target time.

Belinda Neak adds: The Post Office is to offer a nationwide discount on stamps to the public for five weeks.

From April 28 to May 31 customers with special money-off coupons will be able to claim 10p discount on books of stamps costing £1.55, £1.43 and £1.25. Coupons will be available in newspapers and some will be delivered through letter boxes.

The scheme has been launched to encourage people to buy stamps in books instead of singly. During trials in Bolton and Southampton sales of stamps increased by three or four times the normal level when people were encouraged to buy books.

## Retailers urged to buy British clothing

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE TRAGEDY of the past 20 years for the UK clothing industry was its failure to recognise the dangers of increasing low-cost imports.

This was stated at the weekend by Mr Norman Sussman, chairman of the British Clothing Industry Association and chairman of L. S. and J. Sussman, a leading shirt manufacturer.

Speaking at a London symposium on retailing, Mr Sussman said low-cost imports had been a "cancer" on the industry and that they were "spreading encroaching tentacles across the entire base of the manufacturing industry."

The warning signs had been first expressed by shirt manufacturers and then highlighted by the Clothing Economic Development Council, he said. The competition was not taken seriously enough by the industry until it was too late.

Mr Sussman admitted that, given the pressure on margins, it was all too easy for retailers to look overseas for cheap goods.

There were exceptions, such as Marks & Spencer, British Home Stores, Littlewoods, Debenhams and Mothercare. "If Marks & Spencer can source 90 per cent of their clothing requirements from the UK there must be opportunity for other retailers to procure a greater proportion of their requirements from the home-based industry than they are doing at the present time."

UK sourcing was not just blind patriotism. "It reflects commonsense, it reflects a desire to help British industry in the full knowledge that a buoyant and thriving manufacturing industry in turn leads to a thriving and buoyant retail industry."

## Constitution reform Bill by next election, says Steel

BY ROBIN REEVES, WELSH CORRESPONDENT

THE Liberal-SDP Alliance will go into the next general election campaign with a Bill for major constitutional reform already drafted, Mr David Steel, the Liberal leader, told the Welsh Liberals' annual assembly in Cardiff at the weekend.

The draft Bill would cover the introduction of voting by proportional representation, the reform of parliament, devolution, and a Bill of Rights. It would be ready to put before the new parliament immediately, Mr Steel said.

On devolution, the Liberal leader stressed that the alliance scheme would avoid "the mistakes of the past" by presenting a "one-package framework for the whole of the United Kingdom." This would then be applied to the different UK regions as public demand warranted it.

Mr Steel also promised that the constitutional reforms would include the introduction of a single-tier system of local authorities and would "bring within democratic orbit" regional health and water authorities.

Mr Gerald Howells, MP, the Welsh Liberal leader, predicted that the Alliance would win up to 20 of the 36 Welsh seats at the next election. The new parties have already agreed that the Liberals will fight 17 and the SDP 19.

The deal also covers the share-out to be adopted by the alliance, should a major shake-up of constituencies, now being recommended by the Welsh Boundaries Commission, be adopted, as expected, before the next general election.

## Why the Pru is selling prime property

BY MICHAEL CASSELL

WHEN Prudential Assurance—a powerful force in commercial property investment—decides to sell one of the most valuable assets in its mammoth portfolio, the property market wants to know why.

The question takes on an added urgency at a time when the commercial property sector is feeling the strain of the recession and when the relative attractions of real estate as an investment option are being closely examined.

In such an atmosphere, the Prudential's decision to sell Central Cross, the Tottenham Court Road, London, office block built for EMI before financial problems sabotaged the plan, will come in for detailed scrutiny. The asking price for the 229,000 sq ft building is about £45m.

Is the proposed sale a sign of the Pru's disenchantment with the property investment market, an indication of the particular building's shortcomings or simply a strategic move

in the management of a portfolio which requires continuous attention to preserve its quality?

It is because the Pru—a pioneer of property investment for pension fund and insurance purposes—appreciates the influence it can have on the property investment market, that it chose last week to spell out what it was doing and why.

Such portfolio adjustments are traditionally done quietly and confidentially.

The answer, according to Mr Peter Green, the Prudential's joint chief surveyor, is certainly bound up in a change of property investment policy, but not in any lack of enthusiasm for the property investment market.

"There was a time when we were forever telling inquirers that all our properties had been bought as permanent investments and would, therefore, never be available.

"But now we pursue a property investment programme which involves substantial new development as well as the upgrading of our portfolio, all of which cannot be financed out of portfolio income.

"So now we are prepared to consider the sale of some of our holdings in order to allow our development strategy to continue without precluding the possibilities for purchases of investment properties at home and overseas. In short, we are much more willing to sell than we have been."

The Prudential's commitment to property—the portfolio of its life funds alone now stands at nearly £2.5bn—is highlighted by its present development programme.

About 45 per cent of the life funds portfolio is in central London and the Pru is now engaged on London projects costing about £100m—most of this sum is committed to improving existing properties.

At the same time, however, schemes costing an additional £100m are being carried out

beyond London, including over 1m sq ft of industrial space and 600,000 sq ft of offices.

The Prudential also has comparatively modest ambitions overseas. The UK-based life funds now own about £25m of property, largely in the US and Canada (the overseas operations have considerably more) and there may be further limited investment direct from the UK.

As for Central Cross, the Prudential's fifth most valuable property in central London (the most expensive is a £90m-plus group of office buildings in Mincing Lane) it could well be that the development is simply not prime enough for the Pru.

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UK NEWS - LABOUR

Textile industry forums plan shelved

By Our Labour Staff
RADICAL PROPOSALS from the National Economic Development Council for introducing better management-worker communication in the textile industry are being shelved because of the recession.

Textiles have been pioneering the NEDC "ambassador" system over the past two years, in which outside consultants visit textile factories to talk about the industry's problems with the management and workforce.

There has been a mixed response to the ambassadors. Some companies have refused them access but more than 50 visits have been made.

Earlier this year, an NEDC steering brief—backed by the BI and the TUC—suggested going beyond tripartite ambassador-type meetings by setting up joint working councils to look at company plans. But the NEDC has said that with the recent spate of factory closures in textiles it was not considered a good time to promote FDCs. "The idea has had to be put in cold storage for the time being at least," it said.

NHS pay campaign

HEALTH SERVICE workers begin a campaign of industrial action over pay today which could well mean longer delays for non-emergency operations. The Confederation of Health Services Employees said that 200 branches had so far decided to join the campaign against the Government's 4 per cent pay offer. The campaign will have been boosted by an arbitration award to civil servants.

TUC considers reform proposals

BY JOHN LLOYD, LABOUR EDITOR

FURTHER CONTROVERSIAL proposals to change the structure of the TUC general council go before a deeply-divided TUC "inner Cabinet" today and to the General Council itself on Wednesday.

The finance and general purpose committees will consider a plan to give unions with fewer than 100,000 members some representation on the general council.

Under a decision of last year's congress the council must adopt the principle of "automaticity." Under this unions with 100,000 members automatically have at least one seat on the council.

That decision was passed by about 1.2m votes. It is widely seen as benefiting the right and

and centre, at least in the short-term. It has precipitated an intense bout of lobbying as the council has gradually separated into rival camps.

The plan to be considered today is contained in a paper prepared by the TUC secretary. Its basic element is that small unions will share seven council seats. The electoral college for the seven seats would be the small unions themselves.

It is proposed the election be open, rather than, as in the present system covering all unions, on the basis of representation by trade group.

Opponents of the "automaticity principle" believe the system will find little favour because of the intense competi-

tion for council representation among the smaller unions.

Because the election is confined to small unions it would cut out patronage by major unions. This is a charge frequently levelled against the present system.

A further proposal, still to be mooted officially but already winning support, is for the five women's seats on the council to be abolished and redistributed. This would be introduced on the assumption large unions with more than one representative would ensure that at least one was a woman.

The left-led unions believe they have a good chance to reverse the decision at this year's Congress, in September. The Association of Scientific,

Technical and Managerial Staffs has reversed its support for "automaticity."

Left-wingers believe the National Union of Public Employees and the Iron and Steel Trades Confederation will also switch, destroying last year's majority.

The unions which support change, however, believe they can retain the allegiance at least of the ISPC and that they can persuade the Confederation of Health Service Employees and the Union of Shop, Distributive and Allied Workers, which last year voted against change, now to support change.

The issue will occupy much time and energy between now and September.

Merseyside dockers draw back over strike

By Philip Bassett, Labour Correspondent

DOCKERS ON Merseyside drew back yesterday from an unofficial strike in the port considered for today to follow last week's national unofficial stoppage over internal reorganisation of the National Dock Labour Board.

Proposals for a strike had been considered by local dockers' leaders, but a mass meeting in Liverpool yesterday called by the local docks and waterways committee of the Transport and General Workers Union chose not to take action, though there were no formal resolutions.

However, the prospect of a national dock strike from May 10 by all Britain's 24,000 dockers, over the extension of the dock labour scheme to all ports and wharves increased when the Liverpool dockers clearly indicated their readiness to support such action.

The meeting of about 1,500 dockers heard reports of the conferences last week which called for the action. Dockers' leaders are currently seeking a meeting on the issues with Mr Norman Tebbit, Employment Secretary.

Mr Denis Kelly, chairman of the Mersey shopstewards said yesterday: "If Mr Tebbit rejects our approach the strike on May 10 will go ahead."

However, dockers at the meeting made it clear that if the Falklands crisis worsened to a point where there was a national emergency by May 10, they would not be prepared to go ahead with the strike.

Shop workers' union urges Labour unity

BY DAVID GOODHART, LABOUR STAFF

A strong call for Labour Party unity was made yesterday by Mr Syd Tierney, president of the 450,000-strong shop workers' union, USDAW.

Speaking at the opening of the union's annual conference in Earls Court, Mr Tierney said: "We must bury the hatchet and, having done so, we must forget where it is buried."

He said the party's immediate priority was unity around three main policies—the alternative economic strategy; withdrawal from the Common Market; and nuclear disarmament. But he warned that all those policies needed flexible application.

Turning on the SDP Mr Tierney asked: "How can they justify voting for the Tebbit Bill? From now on any trade unionist who courts support from the SDP will get the kind of support a rope gives to a hanged man."

ALMOST HALF the employees covered by wages councils in the retail trade are illegally underpaying, according to a report published today by the Low Pay Unit.

The report estimates that more than 250,000 of Britain's 1.7m shop workers receive below the wages council minimum of £62 a week. There are two wages councils for over 1m workers in the retail trade. About 35 per cent of employees covered by the Retail Trades Wages Council and about 46 per cent of those covered by the Retail Food Council are underpaying the legal minimum, says the report.

Of the Employment Bill itself he said: "The Government must be reminded that liberty is nothing if it is not the right to exercise organised and conscious power to resist in the last resort."

The Tories boast that days lost through strikes last year were one-third the average figure for the past ten years. "So if it's all working so well why spoil it with a controversial bill?" Mr Tierney asked. "Industrial relations in this country will step back 50 years if this becomes law."

He added that 780m days were lost last year through unemployment because of what he described as the catastrophic policies of this Government. The reluctant admission that Sunday opening for chain stores and high street shops may soon have to be accepted came on

the opening day of conference. The union executive, which has opposed Sunday trading for 90 years, rushed out an emergency report on shops legislation which called for a working party on the 1950 Shops Act to report in six months.

The findings of the working party will be the subject of a national ballot of the union's membership. The emergency report was overwhelmingly accepted.

It asked "should we not accept that some greater flexibility and liberalisation of shopping hours is inevitable, and advance our own policy proposals?"

Several speakers, including Mr Tom Torney, an USDAW-sponsored MP, warned that Baroness Trumpington's Bill legalising Sunday trading may pass through the House of Lords.

Britain 'in breach of labour convention'

THE BRITISH Government is in breach of an International Labour Organisation convention that it ratified last year according to the Public Services International. This international public sector union body, which has 9m affiliated members, has lodged a complaint with the ILO over the lack of negotiating

rights for 20,000 Hong Kong civil servants.

The complaint has been upheld by the ILO's committee on freedom of association, which calls on the British Government—as the authority responsible for Hong Kong—to take account of Convention 151 on conditions of employment in

public service.

Article Seven of that convention states: "Measures should be taken to encourage and promote the full development and utilisation of machinery for negotiation of terms and conditions of employment between public authorities and public employees organisations."

This week in Parliament

TODAY Commons: Finance Bill, committee stage. Lords: Inter-governmental Maritime Consultative Organisation (Immunities and Privileges) (Amendment) Order, 1982. Motion for approval. Shops Bill, third reading. Copyright Act 1956 (Amendment) Bill, third reading. Town and Country Planning (Amendment) Bill, second reading. Debate on 8th Report of the EEC on Competition Practice. Debate on financing of a British component in the A320 Airbus as part of the encouragement of European collaboration in growth areas of advanced technology. Select Committees: Home Affairs. Sub-committee on Race Relations and Immigration. Subject: Immigration from the Indian sub-continent. Witness:

Mr. Tim Raison, MP, Minister of State for Home Affairs. Time: 11.00. Foreign Affairs. Subject: Caribbean and Central America—British approach to security, stability and development. Witness: Mr E. Y. Whittle, Lloyds Bank International. Time: 4.30. Public Accounts. Subject: Administrative powers—financial effects of strike action by Civil Servants. Witnesses: Sir Douglas Lovelock, KCB, chairman FM Customs and Excise. Sir Lawrence Airey, KCB, chairman Board of Inland Revenue. Time: 4.45. Education Science and Arts. Subject: Biotechnology. Witnesses: Prutek, Technical Development Capital, British Technology Group. Time: 5.00. TOMORROW Commons: Finance Bill, com-

mittee stage. Lords: Social Security and Housing Benefits Bill, committee stage. Select Committees: Home Affairs. Subject: Inquiry into methods of financing local government in the context of the Government's Green Paper (CMND 8449). Witnesses: The Chartered Institute of Public Finance and Accountancy. Time: 4.00. Foreign Affairs. Overseas Development Sub-committee. Subject: Overseas Development Administration supply estimates 1982-83 Class II, Votes 9, 10 and 11. Witnesses: Overseas Development Administration, Department of Trade. Time: 5.30. Joint Committee on Statutory Instruments. Time: 4.15. WEDNESDAY Commons: Debate on a motion to take note of the White Paper on Northern Ireland—A Framework for Devolution (CMND 8451). Motion on the Value Added Tax (Finance) Order. Lords: Debate on position in the prisons, followed by short debate on youth unemployment and the development of new technology. Question on support for UK orchestras. Select Committees: Defence. Subject: Ministry of Defence organisation and procurement. Witnesses: Officials from the MOD. Time: 10.30. Industry and Trade. Subject: Rolle Royce Limited. Witnesses: Lord McAlvay of Kilmuir. Time: 10.45. Public Accounts. Subject: Selective examination of taxpayers accounts, casual workers, agency workers, black economy. Witness: Sir Lawrence Airey, KCB, chairman, Board of Inland Revenue. Time: 4.00. Social Services. Subject: Public Expenditure—White Paper—Social Security Expenditure. Witness: Department of Health and Social Security. Time: 4.15. Transport. Subject: Transport aspects of the 1982 Public Expenditure White Paper. Witnesses: Sir Peter Baldwin, KCB, Permanent Under-Secretary of State and departmental officials. Time: 4.15. Treasury and Civil Service Sub-committee. Subject: The structure of personal income taxation and income support. Witnesses: Child Poverty Action Group, Institute of Directors. Time: 4.15. Employment. Subject: Manpower Services Commission corporation plan 1982-86. Witness: Mr Norman Tebbit, MP, Secretary of State for Employment. Time: 4.30. THURSDAY Commons: Finance Bill, committee stage. Lords: Administration of Justice Bill, report. Debate on 2nd Report of the EEC on Agricultural Trade Policy. Question on grants for civilians on the Joint Services Course for Remedial Gymnasts at the Queen Elizabeth Military Hospital, Woodwich. Select Committee. Committee on a Private Bill. Cumbria Bill. Time: 10.30.

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TRADE INDEMNITY shows how Britain's hard-pressed business leaders can make more solid, more realistic profit-plans for 1983-4.

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Form with fields for Name, Position, Nature of business, Company, Address, Postcode. Includes contact information for Mr Charles McCartan, Marketing Manager, FREEPOST (no stamp required), Trade Indemnity plc, Trade Indemnity House, 12-34 Great Eastern Street, London EC2B 2FL, Telephone 01-759 4511.

"The Great Uncovered" Official statistics show that Trade Debtors account for 25% of all assets, and 40%—repeat, 40%—of all Current Assets.

1 Know your assets. How many directors do? Your company's largest, most important asset is probably quite intangible: the money other people owe you. Your Debtor Asset. Compare it with your other assets—say raw materials or finished goods. These are in your own possession, under your own control. But which do you insure? And which do you leave uncovered?

Tie up with TI ...and you cover the most threatening of all business risks: credit failure. It is a killer. Credit insurance can give you the cover you need. Nothing else can.

2 Have the right (scary) money-worries. Not the wrong (more comfortable) ones. In the ordinary way, Bad Debts are no problem. You provide for them. But the failure that cripples a company is something you cannot provide for. For instance: What does your biggest customer owe you today? Could you provide for that? Suppose he couldn't pay. What would happen to your business? What would happen to your employees, to your shareholders? What would happen to you?

Tie up with TI ...and you know you cannot be crippled by bad debts... whatever the other uncertainties of business life today.

3 Admit: every business could be more efficient. Credit insurance cannot make a bad business into a good one. But it can make an efficient business more efficient. Cash-flow becomes more controllable. Insured credit is a recognised aid to the financing of business. You have a very large, liquid Bad Debt Reserve, at known, tax-allowable cost. To find this from your own resources would lock up working capital so you could not use it—and probably not be tax-allowable. Tighter credit management saves interest charges too. Take a company with £5m. turnover on monthly account. Average period of credit would be 45 days, so there should be about £600,000 outstanding. Today this might easily stretch to £1m.—leaving £400,000 of extra cash to finance. What would your bank charge for this? What do you think credit insurance would cost?

Tie up with TI ...and you could save money, even if you never make a single claim all year. You have access to the best and biggest credit information service in the country—and a second opinion on all credit risks.

4 Let your top men do the job they are paid for. Uninsured credit is the thief of top management time. It is always the top man who has to worry about the poor payer. This is not what the top man is for. His job in life is running and building a business. You can do that if you are looking over your shoulder all the time.

Tie up with TI ...and your mind is free. We take the big risk. You don't.

5 Cover your credit. There is only one way. You know your customers; of course. But do you know your customers' customers? Do you know the people who buy from them? Usually you can't. But this is just the way bad debts can come at you—as though they were travelling down a line of dominoes. You can't see the first domino fall, but the last one could knock you flat. What isn't your fault can still be your misfortune.

FINAN

**BBC 1**

6.40-7.55 am Open University (Ultra High Frequency only).  
 9.08 For Schools, Colleges, 10.00 You and Me. 10.15-11.20 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pehlie Mill at One. 1.45 Pigeon Street. 2.01-2.00 For Schools, Colleges. 3.15 Songs of Praise from Billericay, Essex. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Chuggers Plays Pop. 4.45 Jana of the Jungle. 5.05 John Craven's Newsround. 5.10 Blue Peter.  
 5.40 News.  
 6.00 Regional News Magazines. 6.25 Nationwide.  
 6.55 Triangle: Serial in 26 episodes starring Kate O'Mara and Diana Coupland.  
 7.20 Bret Maverick starring James Garner as the West's most famous gambler.  
 8.10 Panorama: interview with the Prime Minister.  
 9.00 News.  
 9.25 The Monday Film: "Hustle" starring Burt Reynolds and Catherine Deneuve.  
 11.23 News Headlines.  
 11.25 The Computer Programme.

**TELEVISION**

**Chris Dunkley: Tonight's Choice**

If an opinion poll among my friends is anything to go by (which is questionable because they shared quite unrepresentative), BBC-2's new series Better Than New could become a cult. Last week's opening episode, on stripping, had the pious door freaks spellbound, and today they are waiting with bated breath for instructions on surface damage.

The whole of Panorama on BBC-1 is devoted to an interview with Margaret Thatcher. Hostile, the 1975 Brit Reynolds movie which follows, attracted some of the worst reviews ever written for a work directed by Robert Aldrich. So BBC-2's unusual programme The Story of Ruth becomes a must. It tells the true story of a young American woman living in London who was "persecuted" by an apparition which behaved exactly like a real person.

Ruth, played by Connie Booth, could hear it talk, feel its touch, and even sense its smell. Worst of all, this menacing tormentor, appearing without warning, was her father who was living—as Ruth and others knew—in the U.S. The programme tells how Ruth learned to control her hallucinations to such a degree that they could be monitored in a laboratory. It is, remarkably, a story with a happy ending. Radio 3 devotes the whole evening to Two Comic Operas by Donizetti.

**LONDON**

9.30 am Schools Programmes.  
 12.00 Cocksleshell Bay. 12.10 pm Rainbow. 12.30 Spensavers. 1.00 News with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Van Der Valk. 2.30 Monday Matinee: Rachel Roberts in "A Circle of Children". 4.15 Porky Pig. 4.20 The Sooty Show presented by Matthew Corbett. 4.45 Murphy's Mob. 5.15 Gambit.  
 5.45 News.  
 6.00 Thames News with Andrew Gardner and Rita Carter.  
 6.25 Help with Viv Taylor Cole.  
 6.25 Crossroads.  
 7.00 Nature Watch.  
 7.30 Coronation Street.  
 8.00 Union Castle.  
 8.30 World in Action.  
 9.00 Minder starring Dennis Waterman and George Cole.  
 10.00 News.  
 10.45 Looks Familiar: Denis Norden invites Diana Dors, Farley Granger and Larry Grayson to take a trip down the show-biz memory lane.  
 11.15 Thriller: Gayle Hannicutt in "Colour Him Dead".  
 12.35 am Close: Sit Up and Listen with Mary Craig.  
 † Indicates programme in black and white

# National laws and the Rome Treaty

WHILE ISSUES of national sovereignty are being banded about on the Rabat and London, parliamentary sovereignty in relation to the Common Market unobtrusively raised its constitutional head in a decision of the House of Lords last week, *Garland v British Rail Engineering Ltd.*, a case dealing with sex discrimination in employment.

Whenever the European Court of Justice gives a ruling on the interpretation or meaning of an EEC law, it affirms in general terms the principle of the Rome Treaty that EEC law is supreme over the laws of the member states. But it does not, and cannot pronounce that national laws which are inconsistent with EEC law are to be treated as invalid or inoperative. The European Court is not concerned with the impact of EEC law on national laws; it leaves the question of applying EEC law in national law exclusively to the national courts.

Students of EEC law have long been pondering what happens in the following situation. Suppose that the House of Lords, having made a reference to the European Court for the interpretation or meaning of EEC law, were to be faced with an irreconcilable conflict between the European Court's ruling and the plain, unequivocal words of an Act of Parliament. Would the House of Lords accept the supremacy of the EEC law, or would it bow to the sovereignty of Parliament?

In the eyes of the European Court, Parliament can make any law it chooses, and repeal or amend any legislation in existence. But Parliament as an institution must be sovereign or omniscient at the moment of time so that no Parliament can preclude itself or its successors from legislating on any matter for the future.

Hece, when Parliament passed the European Communities Act 1972, incorporating EEC law into English law, it could not prevent its successors from legislating in a way that was inconsistent with EEC law.

The Garland case provides more than a hint as to how the courts would deal with this ticklish constitutional problem. Mrs Garland was employed by British Rail. Along with all other fellow employees, she enjoyed certain valuable concessionary travel facilities during her employment. Regardless of sex, she was entitled to travel free or at a reduced rate on British Rail and certain foreign railways. The concession extended to her husband and dependent children.

But when employees of British Rail retire (the retiring age is earlier for women than for men) there is a difference

in their treatment depending on their sex.

In the case of former male employees, they continue to be granted (though on a reduced scale) travel facilities for themselves and their families. Former female employees, however, receive a like concession only for themselves—their husbands and dependent children do not any longer enjoy the concessionary travel facilities. Mrs Garland complained that this was unlawful under the Sex Discrimination Act 1975.

Everything turned upon the words in that Act—whether the concessionary travel facilities afforded to ex-employees was a "provision in relation to retirement." If so, the travel facilities were not a prohibition on discrimination, because issues relating to "death or retirement," that is, pensions were outside the prohibition.

The Employment Appeal Tribunal (EAT) considered that the words ought not to be construed so widely as to include a privilege that had existed during employment and was allowed to continue after retirement.

The Court of Appeal disagreed. It held that "provision in relation to retirement" was a wide expression, apt to include any provision about retirement.

At neither stage of the legal proceedings were the judges referred to Article 119 of the Rome Treaty, which provides that men and women should receive equal pay for equal work. When the case came before the House of Lords a reference was made to the European Court asking whether the discrimination between men and women in relation to travel facilities after retirement was compatible with EEC law. The answer came back that the discrimination was unlawful under EEC law.

The fact that the EAT and the Court of Appeal had disagreed on the proper construction of the provision in the Sex Discrimination Act 1975 made the task of reconciliation relatively easy. In construing a provision of English law it has long been established that the words of a statute passed after the EEC law entered into an international agreement are to be construed, if they are reasonably capable of bearing such a meaning, in such a way as to carry out the international obligation and not be inconsistent with it.

## THE WEEK IN THE COURTS

BY JUSTINIAN

The case for construing an English statute in conformity with the UK's treaty obligations is even stronger in the case of the Rome Treaty because it has been specially incorporated into our law by the European Communities Act 1972.

Inconsistency was thus avoided because the Law Lords were able to say that out of two reasonable interpretations of the English statute the one to be preferred was that which made the result compatible with the EEC law.

Future inconsistencies may be attributable to inadvertence by Parliament or inelegant draftsmanship of a statute, in which case the courts will be able to conclude that Parliament must have intended to legislate in accordance with the EEC law.

But what if Parliament deliberately enacts the contrary rule?

Lord Diplock indicated that "anything short of an express positive statement in an Act of Parliament passed after January 1, 1973 that a particular provision is intended to be made in

**BBC 2**

6.40-7.55 am Open University. 11.00-11.25 Play School. 3.10 A Song of Sixpence. 3.40 Buck Rogers. 6.00 MacGie. 6.25 The Saga of Noggin the Nog. 6.35 Fancy Fish.

6.40-7.55 am Open University. 7.25 News Summary. 7.30 A Family Band. 8.00 Barry Manilow in Britain. 8.00 The Mike Harding Show. 9.30 The Story of Ruth. 10.35 Cartoon Two. 10.45-11.35 Newsnight.

**SCOTTISH**

1.20 pm Scottish News. 2.30 Monday Matinee. "North to Alaska" starring John Wayne, Stewart Granger and George Raft. 3.00 Scotland Today. 8.40 Come Date. 10.45 Encom. 11.20 Late Call. 11.25 The Monty Carlo Show.

**TSW**

1.20 pm TSW News Headlines. 2.30 "The Constan's Husband" starring Russ Harrison and Kay Kendall. 4.12 Gun Horseplay a Magic Birthday. 6.15 Worzel Gumbert. 6.00 Today South-West. 6.30 The Two of Us. 10.30 TSW Late News. 10.35 Postscript. 10.40 Golling Greats (Tom Watson). 11.10 Thriller. "File It Under Fear." 12.30 am Spin-Ut-Weather.

**TVS**

1.20 pm TVS News. 2.30 Monday Matinee. "Seven Days To Rome" starring Anthony Quinn and Ingrid Bergman. 5.15 Watch This Space. "That Monday Evening Fading". 5.30 Coast To Coast. 5.00 Coast To Coast (continued). 6.30 Off-Road Smokes. 10.30 A Full Life: Jill Cochrane talks

**TYNE TEES**

9.20 am The Good View. 8.25 North-East News. 1.30 pm North-East News and Lookaround. 2.30 Monday Matinee: "Single Spirit" starring Rex Harrison. 4.15 Cartoon Time. 5.15 The New Fred and Barney Show. 6.00 North-East News. 8.02 Mr and Mrs. 8.30 Northern Lite. 8.00 Hill Street Blues. 10.30 North-East News. 10.32 Briefing. 11.15 Hammer House of Horror. 12.10 am Christian Hope.

**ULSTER**

1.20 pm Lunchtime. 4.10 Ulster News. 5.15 The Monday Evening Feeling. 6.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.30 Squares On. 10.25 Ulster Weather. 10.45 The Royal Line. 11.15 A New Kind of Family. 11.45 News at Bedtime.

**YORKSHIRE**

1.20 pm Calendar News. 12.30 Monday Matinee: "Seven Days To Rome" starring Barry Jones and Olive Stone. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Countdown. 10.45 With a Little Help. 11.15 RL Action. 12.00 Superstar

**RADIO 1**

(S) Stereophonic broadcast (when broadcast on VHF).  
 5.00 am As Radio 2. 7.00 Mike Read. 8.00 Simon Bates. 11.30 Paul Burnett. 2.00 pm Steve Wright. 4.30 Peter Fowell. 7.00 Shayn Abue. 8.00 David Jensen. 10.00-12.00 John Peel (S).

**RADIO 2**

5.00 am Roy Moxie (S). 7.30 Terry Wogan (S). 10.00 David Frost (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 8.45 News. 9.00 John Gynn (S). 9.00 Folk on 2 (S). 9.00 Humphrey Lyttelton with the Beat of Jazz (S). 9.55 Sports Desk. 10.00 Monday Move Out with Roy Moxie. 10.30 Star Sound with Nick Jackson. 11.00 Peter Clayton with Round Midnight. 1.00 am Encore

**RADIO 3**

5.35 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Miming Concert (continued). 8.00 News. 8.05 This Week's Composer: Dolly (S). 8.45 Music for Organ (S). 10.10 Cello and Piano recital (S). 11.05 BBC Scottish Symphony Orchestra (S). 12.05 pm Lauren Livingston soprano recital (S). 1.00 News. 1.05 BBC Lunchtime Concert (S). 2.05 Mainline Musicale (S). 3.05 New Records (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 A Grated Tenor (profile of John Montague, whose Collected Poems are published this month). 7.45

**RADIO 4**

8.00 am News Briefing. 6.10 Fairplay Week. 6.25 Shipping Forecast. 6.30 Today. 5.25 The Week on 4. 8.45 Glyn Worsnip with recordings from the BBC Sound Archives. 8.57 Weather. 9.00 News. 9.05 Start the Week in Scotland. 10.00 News. 10.02 Money. 10.30 Daily Service. 10.45 Bus Stop Glasgow. 11.00 News. 11.03

**RADIO 5**

2.00-5.00 You and the Night and its Music (S).

**RADIO 6**

Two Comic Operas by Donizetti given by Opera Rara at the Cheltenham Theatre. London (S). 7.45-8.05 "Francesca di Foix"—comedy in one act. 9.05 Interval Reading. 9.15 "La Romanza"—comedy in one act. 10.20 Jazz in Britain (S). 11.00 News. 11.05-11.15 John Dowling (S).

**RACING**

BY DOMINIC WIGAN

**CONFUSION** about the outcome of the first two classic races due to be run at Newmarket this week, is rife now that various, so-called trials have been concluded. Indeed, only one thing appears certain: the big S.P. bookmakers are, not for the first time, in an impregnable position already.

As far as the 1,000 Guineas is concerned, nearly all the money wagered during the winter months was for Circus Ring, who judged on last season's form, looked notwithstanding. But, adverse rumours about her wellbeing began to circulate a fortnight ago, and on Saturday Michael Stoute, who trains the filly for the Godolphin Stud, announced that she would not run. Sing Softly, whom many shrewd people at Newmarket had thought would constitute the threat—if any—to Stoute's filly, had already been announced as a runner. Of the others who have figured prominently in the ante-post betting lists, Stratospheric ran

so badly in the Fred Darling Stakes at Newbury that she would have to show remarkable improvement to enter the reckoning.

As for the 2,000 Guineas, the long-time favourite, Sandhurst Prince performed atrociously at Kempton on the Saturday of the Easter weekend, while Wind And Weathering and Montykin occupied the last two places behind Cajun at Newbury, with no apparent excuses for either.

The defections of most of the home-trained candidates for this week's classic races will have been noted by Francois Boutin, the French trainer, whose brilliant colt Nureyev, was disqualified, after passing the post first two years ago. His candidate, Zino ("2,000") and "Fly It Safe" ("1,000") have each come through preliminary tests impressively.

The best bet at Brighton this afternoon may be Lordard's Pride, who cost £200,000 as a yearling and appears to be of better class than his opponents.

**BRIGHTON**

2.15—Favourite Dancer  
 2.45—Tolosa Dance  
 2.45—Lordard's Pride  
**WARWICK**

3.30—Thrilling\*\*  
 4.30—Bye Appeal

# IMB in 1981

The Directors of International Merchant Bank (Nigeria) Limited announce the audited Balance Sheet and Profit and Loss Statement for 1981

**HIGHLIGHTS**

- Operating profit up 21%
- Total assets up 62%

**Balance Sheet**  
as at 31st December 1981

	('000)	
	1981	1980
<b>Assets</b>		
Cash and Short-Term Funds	75,095	59,510
Loans and Advances	95,001	53,078
Fixed and other Assets	18,170	5,784
<b>Total Assets</b>	<b>191,266</b>	<b>118,372</b>
<b>Liabilities</b>		
Shareholders Funds	8,675	6,044
Deposit Liabilities	176,078	106,732
Other Liabilities	6,513	5,596
<b>Total Liabilities</b>	<b>191,266</b>	<b>118,372</b>
Liabilities on Account of Customers (and customers liability thereof)	212,220	65,889

**Income Statement**  
for the year ended December 31, 1981

	('000)	
	1981	1980
Profit Before Tax	4,661	3,863
Taxation	2,176	1,854
Profit After Tax	2,485	2,009

**SUMMARY OF THE CHAIRMAN'S STATEMENT**

- New markets and products developed.
- Port-Harcourt Branch commenced operations.
- Promising prospects for 1982

Professor Daniel I. Saror  
Chairman

Ebitimi E. Banjo  
Managing Director

Martin J. White  
Director

## IMB INTERNATIONAL MERCHANT BANK (NIGERIA) LIMITED

**LAGOS:** 77, Awolowo Road, Ikoyi, P.M.B. 12028, Lagos. Telephone: 684007/8/9-681469/70

**KANO:** 7/8, Lagos Street, P.M.B. 3426, Kano. Telephone: 8680-8895

**PORT HARCOURT:** Point Block Complex, P.M.B. 6195, Port Harcourt. Telephone: 332443, 332613.

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Copies of the Annual Report are available from the bank's branches and major installations of The First National Bank of Chicago.

## COMPANY NOTICES

### NESTLÉ S.A.

Cham and Vevey (Switzerland)

THE 115TH ORDINARY GENERAL MEETING OF SHAREHOLDERS is to be held at 3.00 p.m. on Thursday, 13th May 1982, at the "Palais de Beaulieu" LAUSANNE (SWITZERLAND).

### AGENDA

- Approval of the Accounts for 1981 and of the Annual Report.
- Release from responsibility of the Board of Directors and of the Management.
- Decision regarding the appropriation of the net profit.
- Elections in accordance with the Articles of Association.

The owners of bearer shares may obtain their cards giving admission to the general meeting (with a proxy) at the Company's Transfer Office in Cham up to Monday 10th May 1982 at noon, at the latest. The cards will be delivered against the statement of a bank that the shares are deposited or upon deposit of the shares in the offices of the Company where they will remain blocked until the day after the general meeting.

The report Nestlé 1981 with the Annual Report of Nestlé S.A. (comprising the Balance Sheet and the Profit and Loss Account with comments, the Auditors' Report and the proposals for the appropriation of profits), is available to the holders of bearer shares as from 29th April, 1982, at the Registered Offices at Cham and Vevey, and as from 3rd May at the Offices of the Paying Agents of the Company.

The holders of registered shares whose names are entered in the Share Register will, within the next few days, receive at their last address communicated to the Company, an envelope containing the Notice for the General Meeting, together with a form comprising an application for obtaining the card giving admission to such meeting as well as a proxy. On the other hand, the aforesaid Report will be despatched a few days later.

The shareholders are requested to address any correspondence concerning the General Meeting to the Transfer Office of the Company at Cham (Switzerland).

Cham and Vevey, 26th April 1982

The Board of Directors

## APPOINTMENTS

### SENIOR TRADERS

A leading international investment group based in London requires Senior Traders.

Candidates must have at least 5 years experience in international bond and stock markets. Detailed knowledge of the U.S. and Japanese equity and convertible bond markets, and a thorough working knowledge of all major international capital markets, primarily those of Switzerland and Germany are essential.

Additionally knowledge of foreign currency and money markets is desirable.

Applicants, aged 24-35, are required to speak fluent English, German and French.

Salary range \$35,000-\$55,000 dependent upon experience.

Please write in strictest confidence, enclosing curriculum vitae, to Box A7843, Financial Times  
10 Cannon Street, London EC4A 3DF

## ART GALLERIES

**WHITECHAPEL ART GALLERY**, White Chapel High St. E1 10J, Tel: Aldgate E. to 2 May FRIDAY, KAHLO & TINA KISTNER, 11.5-3.30, Cl. Sat. Free.

**DAVID CARRITY LTD.**, 15, Duke Street, London, EC3A 3AB. Exhibition of EDWARD BURRA, 1975-1976. Mon-Fri 10-5. Sat. 10-5.

**LIVERPOOL GALLERY**, 50, Brunton St., W. of Cavern Tower, L3 5AB. Exhibition of EDWARD BURRA, 1975-1976. Mon-Fri 10-5. Sat. 10-5.

**ROYAL SOCIETY OF PORTRAIT PAINTERS** at The Mall Gallery, The Mall, SW1, Annual Exhibition—Sat. 10.30, Fri 11.30, Sun. 10.30.

**WILLIAM BRUNDMOND**, Covent Garden Gallery, 20, Russell St., WC2R 3EJ. Exhibition of PAUL TAYLOR, 1981. Sat. 10.30-5.00. Sun. 10.30-5.00. Mon. 10.30-5.00. Tues. 7.30-12.30.

## LEGAL NOTICES

**NOTICE OF MEETING**  
SAVINGS ASSOCIATION SOCIETY  
Registered Office:  
259 Park Road, Chiswick,  
London, Middlesex, UB8 3PH.  
Lancashire, GLA 1RT.

**ANNUAL GENERAL MEETING** of the above Society will be held at the Registered Office on Tuesday, 11th May 1982 at 10.00 a.m.

**AGENDA**

- To receive the Accounts for the year ended 31st December 1981.
- Election of a member to the Committee of Management. Nominations must be sent in writing to the Registered Office to be received there at least two days before the date of the Meeting.
- Appointment to Rule 15 in order to appoint a Custodian Trustee.
- Any other Business.

Signed: G. W. C. WATTS,  
Secretary

## PUBLIC NOTICES

**CITY OF EDINBURGH DISTRICT COUNCIL**  
21/1m. Premises Nos. 122-130, Dundas Street, Edinburgh, 10.12.81. Applications for a licence for the purposes provided for in Sections 294 and 295 of the Licensing Act 1968, to be held at 10.00 a.m. on 13th April 1982.

G. C. INOGER,  
Secretary

## CLUBS

**CITY OF EDINBURGH DISTRICT COUNCIL**  
21/1m. Premises Nos. 122-130, Dundas Street, Edinburgh, 10.12.81. Applications for a licence for the purposes provided for in Sections 294 and 295 of the Licensing Act 1968, to be held at 10.00 a.m. on 13th April 1982.

G. C. INOGER,  
Secretary

## CLASSIFIED ADVERTISEMENTS RATES

	Per line	Single column
	£	£
Commercial & Industrial	8.00	27.50
Residential Property	8.00	20.00
Appointments	8.50	29.00
Business, Investment	8.50	29.00
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## FINANCIAL TIMES

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FINANCIAL DIARY INSURANCE

The following is a record of the principal business and financial engagements during the week...

Today: Automated Security (Hind), Stafford Road, 10 St James' Park, 12.00...
DIVIDEND & INTEREST PAYMENTS: British Electric Cableways 50cts...
COMPANY MEETINGS: Capenhurst Hotel, 115...
BOARD MEETINGS: Arthur & Massey, 100...
DIVIDEND & INTEREST PAYMENTS: British Electric Cableways 50cts...
COMPANY MEETINGS: Capenhurst Hotel, 115...
BOARD MEETINGS: Arthur & Massey, 100...

Underwriting losses double in 1981

BY ERIC SHORT

THE 1981 results of all the major composite insurance group confirm that the industry in the UK took a hammering last year. The table shows the aggregate experience of the seven quoted composite companies...

MAJOR COMPOSITE INSURANCE GROUPS 1981 results. Table with columns for Group, 1981 £m, 1980 £m. Includes Underwriting losses, Net investment income, etc.

shows, dividend payments have been increased by one fifth on average, a surprising reward for such poor results. Insurance companies have been able to increase their dividends because income from the investment of the premiums...

The U.S. insurance market, the largest in the world, is well into the downsizing of the normal trade cycle that affects insurance operations. But the prong is deeper than usual with combined losses of the seven companies doubling on the previous year to £111.7m.

downsizing on the trade cycle has been compounded by keen competition and authoritative interference. More than one insurance executive has described conditions in these markets as "chaotic."

clore estate injunction eased. By Edward Owen. JERSEY'S Royal Court has partially lifted a 1978 injunction to enable Stype Investments, a Jersey company set up to hold some of the late Sir Charles Clore's assets...

204 parcel price cuts for exporters from the Royal Mail.

Table listing 204 countries and their parcel rates. Columns include Country, Old Rate, New Rate. Includes Afghanistan, Albania, Algeria, Andorra, Angola, Anguilla, Antigua, Argentina, Australia, Austria, Azores, Bahamas, Bahrain, Balearic Isles, Bangladesh, Barbados, Belgium, Belize, Benin, Bermuda, Bhutan, Bolivia, Botswana, Brazil, British Virgin Islands, Brunei, Bulgaria, Burma, Burundi, Cambodia, Cameroon, Canada, Cape Verde, Cayman Islands, Ceylon, Chile, China, Christmas Island, Cocos (Keeling) Islands, Colombia, Costa Rica, Cuba, Cyprus, Czech Republic, Denmark, Djibouti, Dominica, Dominican Rep., East Timor, Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Falkland Islands, Faroe Islands, Fiji, Finland, France, French Guiana, French Polynesia, French West Indies, Gabon, Gambia, Gaza & Khan Yunis, Gambia, Germany, German Dem. Rep., German Fed. Rep., Ghana, Gibraltar, Greece, Greenland, Guyana, Guinea, Guinea-Bissau, Guyana, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Jamaica, Japan, Jersey, Jordan, Kazakhstan, Kenya, Kiribati, Korea, Kuwait, Kyrgyzstan, Laos, Lao People's Dem. Rep., Lebanon, Lesotho, Liberia, Libya, Libyan Soc. People's Arab Jamahiriya, Luxembourg, Macao, Madagascar, Madeira, Malawi, Maldives, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Micronesia, Moldova, Monaco, Mongolia, Montserrat, Morocco, Mozambique, Myanmar, Namibia, Nauru, Nepal, Netherlands, New Caledonia, New Zealand, Nicaragua, Niger, Nigeria, Norfolk Island, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Pitcairn Island, Poland, Portugal, Puerto Rico, Qatar, Reunion, Romania, Rwanda, Sabah, St. Kitts, St. Lucia, St. Pierre & Miquelon, St. Vincent, Samoa, Sao Tome & Principe, Sarawak, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Singapore, Solomon Islands, Somali Dem. Rep., South Africa, South Korea, Sri Lanka, St. Helena, St. Vincent, Sudan, Suriname, Swaziland, Sweden, Switzerland, Taiwan, Tajikistan, Tanzania, Thailand, Timor-Leste, Trinidad & Tobago, Tunisia, Turkey, Turkmenistan, Tuvalu, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States, Uruguay, Uzbekistan, Vanuatu, Vatican City State, Venezuela, Vietnam, Virgin Islands, Wake Island, Western Samoa, Yemen Arab Rep., Yemen People's Dem. Rep., Yugoslavia, Zaire, Zambia, Zimbabwe.

Price freeze continued! Earlier this year, postage rates changed. But Royal Mail Air Parcel rates stayed as they were, including all of last July's round of price cuts, as we then announced in this advertisement.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

# When doggedness won the day in Mexico

William Chislett reports on how tenacity overcame bureaucracy for a UK transformer manufacturer setting up a new factory

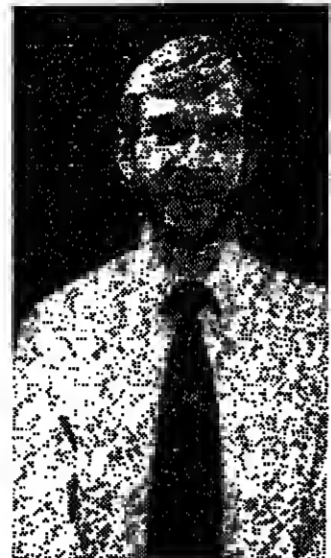
RICHARD MAUDSLEY, a young engineer with Parsons Peebles, the Edinburgh-based power transformer company which is part of Northern Engineering Industries, faced a daunting task when he came to Mexico three and a half years ago. He only spoke broken Spanish and yet he was expected to organise single-handed the building and running of a joint venture factory to manufacture transformers in the face of Mexico's byzantine bureaucracy and after manoeuvres by his Mexican competitors to get the Government to call off the venture.

Earlier this month, however, Maudsley saw most of his dreams come true. The factory, an imposing yellow building set against an arid background of scrub and cacti near the hilly colonial city of Guanajuato in central Mexico, was formally inaugurated by senior Government officials. Order books are full for at least a year.

Parsons Peebles' competitors, having forgotten their old quarrel, accepted an invitation to attend the opening and Maudsley's Spanish is now so fluent that locals refer to him respectfully as "Don Richard."



Phil Davis (left) did a considerable amount of spade work in Mexico. Six years after winning the contract the factory opened (right) to the music of the Mariachis



Richard Maudsley (centre) followed Davis to organise the building of the joint venture factory. Six years after winning the contract the factory opened (right) to the music of the Mariachis

voltage power transformers, particularly the 400 kv version, to Mexico's Federal Electricity Commission (CFE). Its exports during that period were worth over \$15m and the company earned a reputation for very high quality. At one stage most of Parsons Peebles output of transformers went to Mexico.

In the early 1970s the United Nations Industrial Development Organisation (Unido) began to encourage developing countries to seek high technology through joint ventures. CFE asked Parsons Peebles to take part in the international bidding, under Unido's auspices, to produce 400 kv power transformers for the first time in Mexico.

Leading Italian, French and Swiss manufacturers were invited, as well as another UK company, Hawker Siddeley. Parsons Peebles teamed up with a small Mexican power transformer manufacturer, CMA, and won the bidding in November, 1976.

However, a few months later—and after the new govern-

ment of President Jose Lopez Portillo had taken office—National Financiera (Nafinsa), the state development bank and the source of financing for the great majority of joint ventures in the capital goods sector, told Davis the bank could no longer put up any of the capital.

"The man from Nafinsa came to us almost with tears in his eyes," recalls Davis. Davis then approached three private banks, but they all turned him down because, he suspects, of common directorships. The links between banks and industry are almost incestuous in Mexico. Mexican banks participate heavily in industry. There is also no regulation of the conflict of interests in Mexico.

Davis also discovered that one of his two main competitors, the IEMA joint venture with Westinghouse, had taken up the matter at the highest political level and convinced the Government that there was no room for a third large power transformer manufacturer. The competitors also assured the Government that they would start to make the 400 kv transformers themselves.

"We then went into the wilderness for a year," says Davis. But he had far from given up hope.

"After all the work we had put into Mexico it was a hell of a thing to walk away." So backed up discreetly by CFE, which was displeased at the way its prime customer had been treated, Davis went underground in order, he says, "to persuade the opposition that we really had given up."

Davis could see the enormous potential of the oil-rich Mexican market, which he believes is the fastest growing in the world for electricity output and will have to increase eightfold by the year 2000 if the country is to meet its goal of doubling industrial capacity every seven years and fulfil the domestic needs of a 70m population growing by 2m a year.

Davis realised he could not go to the Mexican banks again since they would have told his competitors that he had not pulled out, but he realised that without their participation it would be difficult to find a single partner with sufficient capital. The government vigorously insists that foreign

capital in a joint venture be limited to a maximum of 49 per cent.

Davis therefore decided to break down the capital among three partners—his agent, Casa Valentin, from the days when Parsons Peebles started to export to Mexico, a local family from Guanajuato, and the power transformer manufacturer, CMA, with which Parsons Peebles tried to link up in 1976.

The combination was perfect. It provided Parsons Peebles with all the ingredients needed in Mexico for a joint venture to be successful, connections with the government, a thorough knowledge of the market and good local contacts.

Since Mexican businesses find it difficult to commit much capital on a long term basis, the initial capital outlay was set at only £100,000. Parsons Peebles took the 49 per cent stake and split the rest equally among its three partners. The capital has since grown to £1.5m as the partners have gradually increased their participation, often month by month.

builders and they jumped at it. But no water could be found. Guanajuato had been chosen as the site for the factory because of its good connections with the rest of Mexico, being near to the pan-American highway and the railway, and also because power transformer plants ideally need dry, non-humid climates like Guanajuato's—which is so dry that the city is famous for its mummies. Bodies buried centuries ago have been discovered almost intact.

But after Parsons Peebles spent 300,000 pesos (£12,000) on digging a well that did not come up with much water, a local water diver, brought in by the workforce for only 300 pesos (£12), used a forked stick and found water just 20 feet away from the well.

Obtaining peso financing was not so easy. Mexican banks are much more demanding than UK banks about guarantees. They are not prepared to enter on a shared-risk basis. Maudsley said the new company would be the guarantor but the Mexican banks said it could not be until it was finished. Maudsley said he could not build it until he had the financing and so on through 10 banks.

Finally Lloyds came up with a \$1.25m loan and loans for 45m pesos were obtained from a central bank fund and Somex, a predominantly government-owned bank.

But there was one dramatic moment when the Bank of Mexico, the central bank, insisted that Parsons Peebles prove that a third producer of transformers was needed, before it would grant any money.

Maudsley thought that issue had been solved with the go ahead of the joint venture. An elaborate and expensive study was duly commissioned from a Mexican firm and the central bank was convinced.

Parsons Peebles is now reaping the rewards of its hard work. Turnover in the first year of operations is put at about £4m. There are plans to double the present capacity to build three to four transformers a month by 1990, and to export to Latin America when the Mexican demand slackens.

"If anybody else decides to come into Mexico now I think we would fight harder than our competitors did when we came in," comments Maudsley.

Moral

Parsons Peebles' struggle to establish itself in Mexico reads like a cross between a novel of intrigue and a textbook on how to do business in Latin America. And the moral of the story is that any company wishing to set up in what is still one of the world's fastest growing (despite Mexico's present economic difficulties) but difficult markets, needs plenty of perseverance and the patience of Job.

Prior to Maudsley's arrival, considerable spade work was done two years before by Phil Davis, the managing director of Parsons Peebles Power Transformers, in forming the joint venture.

From 1970-76 the company was a major supplier of high



Highlights from the statement by Ernest Beaumont, Chairman.

The results for 1981 reflect greater efficiency in the management of our businesses and the elimination of loss-making operations. This, together with the reduction of our reliance on profits from the tobacco industry, is the key to the success of the Group's new strategy.

The analyses of profits by activity, published in the Directors' Report for the first time this year, show that 42% of profit was derived from filter operations in 1981, compared with 71% in 1980.

Merchandising operations show increased profits, from £1,444,000 to £2,850,000 and now account for 33% of the total.

The plastics and packaging operations of the Filtrona division have also increased profits, whilst the Industrial division is now making a reliable contribution to the Group's overall performance.

The profit of Jersey Paper Company is included for the first time. Other acquisitions in the paper distribution field, finalised since the end of 1981, are confidently expected to provide an important source of revenue in the future.

Financial Highlights (£'000)	1981	1980
Turnover	245,652	169,528
Profit before tax	11,593	11,148
Earnings for shareholders	6,116	6,698
Dividends	2,095	1,883
Earnings per share	23.4p	25.6p
Dividend per share	8.0p	7.23p
Net assets per share	255.7p	240.2p

Copies of the report and accounts for 1981 are available from: The Secretary, Bunzl plc, Fenchurch House, 21-24 Chancery Street, London EC2Y 4UD.

Green light

In the meantime Davis had several furtive meetings with government officials sympathetic to his cause, all of whom gave him their verbal—but not written—support.

Finally, in the summer of 1978, armed with a joint venture agreement and the same site which had been bought for the failed 1976 venture, Parsons Peebles went to the government and got the green light.

Davis recalls that the Government told him "We always knew you could do it." And by then the opposition took Parsons Peebles' return as a fait accompli.

Now enter Maudsley to face a green field site and, after a six-day intensive course in Spanish, the onerous business of starting the construction of the company, arranging for local finance for working capital and managing the concern.

The construction problem was solved easily, rather than ask large national builders to do the work and then wait months for promises to be met, Maudsley went direct to local construction companies in Guanajuato. The contract was a major one for small local

Business courses

New techniques for decision making. Uxbridge. May 13-14. Fee: £270. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Organisation and management of quality control. Brussels. May 24-26. Fee: BF 27,500 members, BF 31,500 non-members of the International Management Association. Details from Management Centre Europe, Avenue des Arts 4, B-1040 Brussels, Belgium.

Recruitment, interviewing and selection. London. May 13-14. Fee: £210. Details from Tack International, Tack House, Longmoore Street, London SW1V 1JJ.

Computing for engineers. Southampton. May 11-13. Fee: £225 (plus VAT). Details from Courses Department, Computational Mechanics Centre, 125 High Street, Southampton SO1 0AA.

Executive action programme. Stratford-upon-Avon. May 16-27. Fee: £1,250. Details from Wales International Management Centre, 6-8 Albany Road, Cardiff CF2 3RP.

Finance for the non-financial executive. Slough. May 17-21. Fee: £345 (plus VAT). Details from Urwick Management Centre, Bayliss House, Stoke Poges Lane, Slough, Berkshire SL1 3PP.

Effective speaking. Merseyside. May 10-11. Fee: £46. Details from School of Management Studies, The St Helens College of Technology, St Helens, Merseyside WA10 1PZ.

Managing through consent. Kent. May 16-23. Fee: £1,100. (Plus VAT). Details from Sundridge Park Management Centre, Bromley, Kent. BR1 5TP.

Accountancy

# A case for putting an end to reporting anomalies

BY MICHAEL LAFFERTY

IT IS HIGH time that financial institutions of all kinds were subjected to the same public reporting requirements as industrial and commercial companies. At present, merchant banks, insurance companies, discount houses, a few large shipping companies, and pension funds are subjected to a far lower level of public accountability than their industrial and commercial counterparts.

All of these institutions, apart from pension funds, are permitted by existing company law to maintain undisclosed hidden reserves to smooth earnings from one year to the next, and to understate their net worth. The pension funds are in an even more extraordinary position, because company law does not extend to them at all. They need not bother to publish financial statements in any form.

The privileged position of all these organisations is increasingly being questioned, but most attention has so far focused on the banks. All are anomalies in a nation otherwise distinguished for the high standard of financial reporting of its private sector industries.

One of the first encouraging indications that parliamentary opinion would be in favour of tougher reporting rules came a few months ago, when the House of Lords debated EEC proposals on the annual accounts of banks. Prior to that a select committee of the Lords had concluded unanimously that banks should not be permitted to maintain undisclosed reserves.

The second line of argument takes the view that disclosure of true results would jeopardise the confidence of depositors of the bank concerned, and possibly others too.

But here, too, the Lords committee chairman found the reasoning flawed. "Not only are markets better informed and less likely to be seized by panic at the appearance of bad news but it is very doubtful whether in a real crisis the ability to conceal the truth can be effective in allaying anxieties. Surely the best way of stopping damaging rumours is often to be open and to give the facts."

The third type of argument which the committee heard concerned competitive quality between different types of bank. Here the suggestion is that smaller banks like the accepting houses might find it harder to attract business and would thus be at a disadvantage when competing with banks elsewhere in the world which continue to have hidden reserves.

Dealing with this Lord Plowden commented: "But in view of the many weighty objections to undisclosed reserves, smallness seems a doubtful reason for allowing them to remain."

The House of Lords committee's report, and the subsequent debate are remarkable for several reasons. The committee itself included a number of prominent bankers, including the former governor of the Bank of England, Lord O'Brien of Lathom. They almost certainly held different views not so long ago. The subsequent debate on the floor of the House included a number of exceptional speeches.

In one Lord Seeham, until recently a director of Barclays Bank, argued that by removing the merchant banks' and discount houses' exemption "the spur to efficiency, managerial discipline, and competition will be beneficial." Lord Seeham ought to know, since Barclays only started to publish true and fair accounts about 12 years ago. This is a powerful point, since many clearing bank executives speak privately of the incentive to gain market share and increase profits which the move by the clearers towards full disclosure brought in 1969-1970.

Among the dangers associated with allowing banks, or any financial institutions, to publish

accounts which do not have to tell the truth is the possibility that bank management itself—including directors—may start believing the inaccurate published data, or at least concentrating attention on this.

Some bank auditors say this actually happens in some City-based banks.

Another senior Barclays executive, Lord Camoys, took the debate directly to the heart of the merchant banking ethos of the privileged accepting houses: "... no longer are they the only innovators in our banking industry—if ever they were. In their concern, I believe that they belittle themselves and, rather strangely... they have certainly belittled their few large customers. If I was one of those considered not to be able to read their full accounts responsibly, I would certainly consider moving my business elsewhere."

Forceful

The most forceful contribution of all undoubtedly came from Lord Benson, industrial advisor to the governor of the Bank of England, and former senior partner of chartered accountants, Coopers & Lybrand. Referring to evidence from the German Bankers Federation to the effect that it is dangerous to give depositors and shareholders information that they cannot understand, he commented: "Apart from the arrogance of the statement, it displays an attitude of business morals and business ethics which I find totally repugnant."

If this is the way that senior bankers and members of the City establishment are already thinking about banks, is there any reason to believe that they would treat insurance companies or pension funds more leniently?

The days of the exempt and privileged financial institutions are undoubtedly coming to an end in the UK. The Department of Trade, the Bank of England and the accountancy profession should now take action to bring the law into line in the interests of shareholders, depositors/policyholders/savers, employees—and not least management efficiency. Michael Lafferty is Editor of Retail Banker International, and FT World Accounting Report, 1982 4th Report.

Proposition

The House of Lords select committee took as its starting point the proposition that it was for the advocates of undisclosed reserves to make out the case for them. Lord Plowden, the committee chairman, said that three main lines of argument had emerged in favour of allowing banks to have undisclosed hidden reserves.

One argument is that bank profits fluctuate erratically, with the result that the figures for any one year may be misleading. But Lord Plowden dismissed this by pointing out that banks are not unique in having fluctuating profits, while "it is always open to a company to provide further information to explain fluctuations..."

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# BUILDING AND CIVIL ENGINEERING

## Drive to maintain housing standards

With private housebuilding activity rising for the second year running, the industry is stepping up its efforts to ensure that quality of workmanship does not fall victim to the upsurge in output.

The National House-Building Council is looking for private housing starts of around 136,000 during 1982 (118,500 in 1981) and reckons that, as activity increases, the need for proper quality control becomes even more pressing.

Announcing the NEBC's "Pride in the Job" campaign for 1982, Sir Peter Trench, the Council's chairman, said that while the private housing industry had not experienced the well-publicised problems encountered in the local authority sector, it had no grounds for complacency. "There is still scope for improvement, but we are getting better," he added.

Sir Peter claimed the industry's product was the most important and most expensive single purchase that the majority of people ever made and they had a right to expect it to be well built. He said that

standards in the private housing sector had been improving for a decade and that the NEBC had been instrumental in reducing the number of defects found in new homes.

Under the scheme, every eligible site in the UK is visited regularly by NEBC inspectors who award points for items such as good workmanship, organisation of materials, site safety, layout and tidiness.

Last year's "test" campaign was deliberately low-key as the NEBC was unsure of the likely response, but the fears were unfounded and it provoked what the Council says was an "overwhelmingly favourable" response.

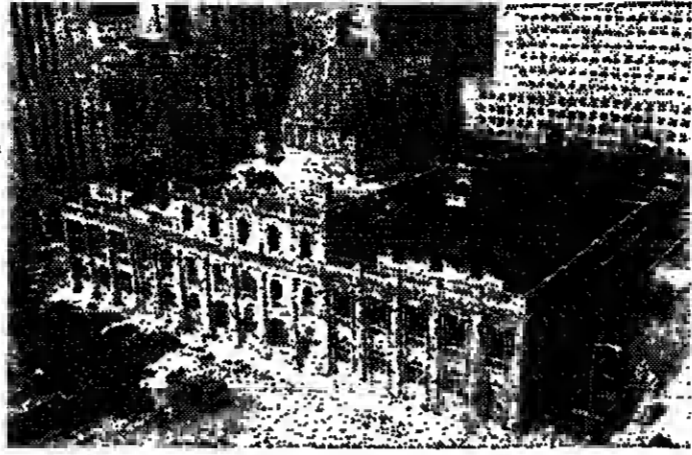
Among those lending support to the campaign is Sir Laurie Barratt, who said last week that it promoted competition and provided the industry with an incentive to raise standards. He added: "We must strive to produce better quality houses and deliver a better product to the housebuyer. After all, at the end of the day, we are talking about someone's castle."

## Supreme Court saviours

WORLDWIDE recognition that the rapid expansion of modern, high-rise buildings can destroy the traditional character of entire cities has—apart from any cost considerations involved—led to a growing emphasis on conservation.

In Hong Kong, many of the grand old colonial style buildings have been swept away and have been replaced by office blocks of the type which dominate city centre skylines around the world.

Now the Hong Kong authorities are making efforts to save one of the last remaining buildings linking the city with its colonial heritage and have turned to British expertise for assistance and guidance.



A team of British consulting engineers and architects is working to preserve Hong Kong's Supreme Court building, the largest and best known of the few colonial buildings remaining in the city's central district.

The 70-year-old court house was left in a precarious position as a result of subsidence caused during the construction of Hong Kong's mass transit railway. One side of the building settled by as much as 12 ins, large cracks appeared in walls and floors and part of a ceiling fell in.

In 1980 consulting engineers Scott Wilson Kirkpatrick and Partners were commissioned to carry out a study to advise whether the building—abandoned in 1978 as a courthouse—should be demolished or whether it could be saved.

The consulting engineers recommended that the building be "reinstated." The decision was supported by architects Feilden and Mawson. "We decided to call in the architects as they had wide experience of conservation work in

Britain, including the restoration of Norwich Cathedral and York Minster," said Mr Geoffrey Williams a partner of Scott Wilson.

It was only when the plans for the courthouse were examined, that the architects discovered that the building's original architect was Sir Aston Webb—the man who founded the present day firm of Feilden and Mawson.

The task of repairing the courthouse, which is being project managed by Scott Wilson, began at the end of last year and work is due to be completed shortly. The contract, although not large by Scott Wilson standards, has involved difficult technical problems. The total cost of restoring and re-equipping the building is likely to be approaching £1m.

"The first problem we faced was to decide how the great granite blocks used in the original construction would respond to the structural repairs needed. Structural calculations used for modern frame steel and reinforced concrete buildings were no use in a case

like this. It was very much feeling your way as you went along," said Mr Williams.

It was decided not to attempt to raise the building which will, externally, maintain its slightly lopsided appearance. But obvious breaks in the line of the building caused by the settlement have been corrected using local materials.

Cracks in the stonework and masonry are being repaired using special techniques developed by the architects Feilden and Mawson. This includes passing thin stainless steel wires through existing joints in the stonework and pulling these taut to close cracks. This technique is less visible than traditional methods of closing cracks, says the consulting engineers.

The future for the preserved courthouse building has still to be decided. Options presently being considered include using the building either as a court of appeal or, more likely, as an exhibition, conference and banqueting centre.

ANDREW TAYLOR

## The price of pavement potholes

Britain's cracked and potholed pavements are costing £50m a year to maintain but that does not appear to be enough, according to a report published by the Standing Committee on Highway Maintenance.

The report highlights considerable variations in footway conditions around the country and, as the first step towards establishing acceptable standards, and calls for a scale of common condition levels which authorities can use to measure their own track record. It also suggests research to examine the most cost-effective methods of maintenance work.

The study does not reveal any evidence of obvious over-spending on maintenance and shows that a shortage of funds has in some cases resulted in a clear deterioration of standards. In other locations, very long maintenance cycles suggest that the level of planned maintenance is not adequate.

According to the report, the £50m spent annually on pavement maintenance represents

about 10 per cent of the total expenditure on all forms of highway maintenance.

Because of the highly labour intensive nature of the work, the highly mechanised nature of carriage-way maintenance) the costs of footway maintenance are shown to be relatively high. A large proportion of work is found to involve the treatment of small areas of defect—"less than ten square metres".

One reason why urban pavements and footways are in constant need of remedying is the aftermath of sub-contract work involving public utility works when paving stones are not put back with care. It would seem that local authorities (many of whom use contract labour) are not discerning in their choice of contractor or do not check on the quality of the finished work.

Another enemy of the smooth footway is the jorry over-riding a pavement and, while acknowledging that the resources for greater police enforcement are limited, the report states that "over-riding" is often lawful.

## What's new in building

From Finland comes a high-powered hydraulic hammer which promises greater safety and output in mines and quarries because it eliminates the need to use explosives for secondary rock breaking, and is faster than most comparable machines for breaking up reinforced concrete structures or foundations (as well as frozen ground) claims Rammer Oy, Tavalkatu 8, SF-15170 Lahti 17.

Called the S 2000 it is said to be powerful enough to break boulders up to 20 cubic metres. The ability to do so allows the cost of primary blasting to be reduced, and distance between blast holes can be increased, thereby cutting the cost of both drilling and explosives.

Designed to reduce internal heat loss by insulating roof lights without adding significantly to the weight borne by the roof structure is a product, called Sealtherm made by Solay UK of Cheside Heath, Stockport. This has undergone tests at Salford University industrial centre where results indicated that in typical conditions heat loss would be reduced by some 45 per cent by the inclusion of Sealtherm panels.

It is a cellular translucent panel which is laid over the roof glass. Three UV stabilised Melanex laminates sandwich two layers of polythene cells which are air sealed, the whole giving a nominal thickness of 25.0 mm. A further refinement could be using a solar control film for the external layer.

## AROUND THE INDUSTRY

DEVELOPERS overwhelmed by the vast array of financial incentives and grants provided by Government, local authorities and various development agencies, can now turn to a new 500 page guide providing detailed information of incentives available.

Blay's Guides has published a "Guide to Regional Finance for Industry and Commerce." It claims to cover "just about every source of regional finance in the UK and so far as we know it is the only definitive guide on the subject."

The information is provided in a loose-leaf format and comes in a ring binder. Blay's will issue replacement sheets as new aid schemes are introduced or as existing schemes are modified.

The guide can be obtained direct from: Blay's Guides Ltd, Churchfield Road, Chalfont St Peter, Bucks at an annual subscription of £45.

Compensating for the lack of pastures green in Arabia—and reflecting a national preference for that colour—is Saudi trading company E. A. Juffa and Brothers' choice of Burlington slate from England's Lake District as the outstanding decorative feature on its new HQ in Jeddah. It will take 30 containers to carry the £1m order from Coniston to Jeddah where the contract will be completed by this October.

The Steel Window Association has published "The Specifier's Guide to Standard W20 Steel Windows" available free from the SWA, 26 Stora Street, London WC1 (01-637 3571).

### ARCHITECT/BUILDER

Required experienced Architect/Builder for a new hospital (136 beds) in Indonesia.

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- (c) Expected fee.
- (d) Curriculum vitae.

Those without experience need not apply.

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Contract Service Division

## More work for Norwest

COMPANIES IN the NORWEST HOLST group announce a batch of new work which is worth £8.9m.

The northern region of Norwest Holst civil engineering has four jobs with a total value of £4.4m, including Northumbrian Water Authority's £2.5m interceptor sewer at Redcar.

British Gas has awarded £685,000 for extensions of the existing Lupton mixing facility in Cumbria; £361,000 from Blaenau Gwent Borough Council for the reclamation of derelict land by recontouring; and the City of Liverpool has placed a £214,000 contract for de-silting and re-lining a sewer, plus other work at Toxteth.

Other major projects are the BBC's £1m plus for work at Lime Grove Studios; English Industrial Estates £600,000 for factory units at Widnes; and £2.1m worth for work on phase 1 of Southampton Business Park; office block for Takhro Industrial at Burgess Hill; design and construction for British Telecom at Madley, Herefordshire; and work in Cleveland for Hand Wrightson Machine Company, and Rokop Davy.

Two jobs in Australia are for earthworks, drainage and road-works at Cordeaux Heights Estate, Wollongong for R W Sheargold, and similar work for the Land Commission of New South Wales.

A NEW shopping development for J. Sainsbury is to be built in Colchester Avenue, Cardiff, by WIMPEY CONSTRUCTION, a London WC2 a major extension to the Robin and Haas (UK) chemical factory in Chaytor

### Hunting Gate

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BOVIS CONSTRUCTION has been appointed managing contractor for the £3.2m refurbishment of a one-storey office block situated on a podium slab above occupied ground floor shops. The gross floor area is about 61,970 sq ft with a net office floor area of 40,000 sq ft. Work will include alterations to the rear of the shop units, major office refurbishment (including demolition and re-modelling of the internal core layout), installation of building services, the formation of a multi-service roof plant room complex.

TURRIF CONSTRUCTION has been awarded a contract by the Thames Valley Police Authority for the construction of the Police Headquarters at Milton Keynes. The project is worth in excess of £4.5m and work is due to commence this month.

Street Jarow, South Tyneside, is on the way, and 16 workshop units will be constructed at Medemsey, Consett, County Durham, for English Industrial Estates.

TWO CONTRACTS totalling more than £3m have been awarded to WBYATT BUILDERS, the construction arm of the Finlas group. Work is to commence shortly on the construction of 125 dwellings at Berridge Road, SE19, for the London Borough of Lambeth, under a £2.85m scheme consisting of 101 houses and 24 flats to be built in 12 two-storey, pitched roof blocks with associated external works, for completion in early 1984.

On the second project site operations will commence any moment to alter, repair, improve and convert into enlarged housing units the four existing dwelling blocks known as Marcus, Bellendoe, Sheffield and Bryanstone House at Precklam, SE15, for Church Army Housing Limited.

GLOSSOP has been awarded contracts worth more than £1m for the supply and application of over 1,000 tonnes of its asphalised bitumen to Bristol City Corporation and Hampshire County Council. Glossop has also been awarded contracts for the provision of carriageways in London's Royal parks.

## BUSINESSMAN'S DIARY

Date	Title	Venue
Current	International Ideal Festival Exhibition (021-705 6707) (until May 3)	NEC, Birmingham
Apr 26-30	Storage Handling and Distribution Exhibition-SHD (01-446 2411)	Earls Court, Sandown Park, Esbor
Apr 28-29	EIA Engineering Exhibition-ENGEX (0403 69390)	Olympia
May 4-7	Home and Contract Textiles Show (01-385 1200)	NEC, Birmingham
May 8-10	British Craft Trade Fair (0282 587153)	Exhibition Centre, Harrogate
May 11-13	Microcomputer Show (09274 25211)	Wembley Conference Centre
May 14-18	British Music Fair (01-730 2628)	NEC, Birmingham
May 18-19	London Furniture Show (01-385 1200)	Earls Court
May 16-20	International Contract Furnishing and Interior Design Exhibition-INTERIOR DESIGN INT (01-549 1101)	Olympia
May 18-21	International Exhibition and Conference for the Pharmaceutical, Cosmetic, Trolley and Allied Industries-INTERPHEX (01-747 3131)	Met. Exbn. Hall, Brighton
May 19-21	Chelsea Flower Show (01-834 4333)	Royal Hospital, Chelsea
May 24-26	International Heating, Ventilating and Air Conditioning Exhibition EXPOCLIMA/HEVAC (201-705 6707)	NEC, Birmingham
May 24-31	World Wine Fair and Festival (0572 213331)	Bristol Exhibition Centre
May 25-28	International Word Processing Exhibition and Conference (01-405 6235)	Wembley Conference Centre
May 29-June 6	Manchester Motor Show (0602 51202)	Belle Vue

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Title	Venue
Current	Hanover Fair (01-651 2191) (until April 26)	Hanover
Apr 26-29	Agricultural Industry Exhibition-SAUDI-AGRI-CULTURE (01-456 1951) (until April 29)	Riyadh
Apr 26-29	Health, Safety and Environment at Work Exhibition-ARBO (01-228 2580)	Amsterdam
Apr 27-30	Biochemical and Instrumental Analysis Exhibition (01-486 1951)	Munich
May 1-5	Fast Food and Catering Exhibition (01-835 8200)	Dubai
May 3-6	Offshore Technology Conference and Exhibition (01-486 1951)	Houston
May 6-11	KOREX 82 International Exhibition of the Vehicle Industry (Geneva) (4122 32.93.03)	Seoul
May 11-14	SITVE 82 International Exhibition of the Suppliers of the Vehicle Industry (Geneva) (4122 32.93.03)	Geneva
May 18-22	International Clothing Machine Fair (01-409 0956)	Cologne
May 19-23	South East Asia's International Machine Tools Exhibition-MAITEX (01-481 7688)	Singapore
May 25-27	Europe Software Exhibition (01-456 1951)	Utrecht
May 25-29	International Wine Exhibition (0727 63213)	Basle

## BUSINESS AND MANAGEMENT CONFERENCES

Apr 26-27	International Chamber of Commerce: Financial Futures Markets (Paris 261.55.97)	Zurich
Apr 26-30	Lloyd's of London Press: International Maritime Seminar on Law of Collisions (01-333 1000)	Southampton
Apr 27	The Institute for Fiscal Studies: Macroeconomic and microeconomic views of the Budget (01-828 7548)	Regent Palace Hotel, W1
Apr 28	ILF: Securing your future (01-584 5749)	Imperial College, London
Apr 28	Arab-British Chamber of Commerce: Focus on Saudi Arabia (01-629 1249)	Hornton Street, W8
Apr 29	IPS: Electronics—the industrial buyer's guide (0990 23711)	Penta Hotel, London
Apr 29-30	FT Conference—Will Tebbit Succeed? (01-621 1356)	London Hilton
Apr 29	Wharton seminar on the Economic Outlook for the Centrally Planned Economies (Paris: 758.12.30)	Paris
May 4-6	IPM: London Personnel Management Conference (01-946 9100)	Royal Lancaster Hotel, W8
May 4-8	Institute of Metal Finishing: Annual conference and exhibition (021-822 7387)	The Old Ship Hotel, Brighton
May 7	City Seminars: Financial futures—Setting up a futures operation (01-629 8863)	Carlton Tower Hotel, SW1
May 11-12	FT Conference: Gold and the International Monetary System (01-621 1355)	Montreux
May 11	Oyez IBC: SSAPs Accounting standards in practice (01-242 2481)	Carlton Tower Hotel, SW1
May 12	The Textile Institute: New dimensions in knitted fabrics (061-834 8497)	Holiday Inn Hotel, Leicester

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

## Financial Times Conferences

**GOLD AND THE INTERNATIONAL MONETARY SYSTEM**  
Montreux, Switzerland—May 11 and 12, 1982

Professor Arthur Laffer, one of America's most influential economists, will be delivering two major papers at this Montreux meeting—one on the domestic situation in the United States in the light of the work of the Gold Commission and the other on developing U.S. policy on the international use of gold.

Other distinguished speakers include: Mr Robert Guy, Director, N. M. Rothschild and Sons Limited; Dr Chris Stals, Senior Deputy Governor, South African Reserve Bank; Mr Meinhard Carstensen, General Manager, Dresdner Bank; Dr Hans Mast, Executive Vice President, Credit Suisse. While the primary emphasis of this major international conference will be on the monetary role of gold, the agenda will include a thorough examination of the prospects of production and price and an assessment of investment attitudes.

**PORTUGAL—A NEW OUTLOOK**  
Lisbon—June 21 and 22, 1982

This conference will provide an opportunity to discuss Portugal's preparation for entry into the European Economic Community, the financing of the changes that must be made on the expansion of production to meet the challenge of membership. The opening address will be given by H. E. Dr Francisco Pinto Balsemão, the Prime Minister. The other distinguished speakers will include H. E. Eng. Ricardo Bayao Faria, Minister for Industry, Energy and Exports; Professor Dr Karl-Heinz Clauss, President, DEG; Mr F. X. Stankard, Executive Vice President, Chase Manhattan Bank NA; Mr Claude Villain, Director-General for Agriculture, EEC; and Mr Shiro Miyamoto, Advisor, The Long-Term Credit Bank of Japan.

All enquiries should be addressed to:  
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Engines—8.2 Blue Series Turbo

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Coming shortly

# TECHNOLOGY

EDITED BY ALAN CANE

Max Commander looks at two industry surveys and reports on some latest products

## Continental moulders better organised

TECHNICALLY the UK die and mould making industry does not lag behind the rest of Europe, but Continental toolmakers are better organised and have more control of work flow through the shop. Dominating this area of engineering is the slowly declining level of skill available.

This is just one of many conclusions reached in a survey of the die and mould industry in Britain carried out by the Science and Engineering Research Council.

The report, while pointing out that sophisticated machine tools are available, those for the production of complex cavities are still very expensive and their application requires new kinds of skills.

Unfortunately, says the survey, toolmaking companies are not prominent investors in NC CNC and CAD/CAM techniques, and with a few creditable exceptions among small companies, only the toolrooms of the bigger manufacturing organisations deploy these techniques.

### Defining objectives of fine finishing

Grinding, irrationally, and still regarded as a process with a role restricted to fine finishing, has also come under the scrutiny of SERC in a second report entitled "Research on the problems of grinding technology."

In a list of objectives (briefly, high stock removal, metal rate, conventional role finishing, and adaptive control—that is to identify the operational parameters and so embody these in automatic control systems) the report points out that the objectives embrace one of the most complex of metal cutting processes.

Separate technologies have evolved for abrasive wheels, tools to sharpen and drive them. Stimulus to the planned research lies in new developments in microprocessor controllers and high torque servo-motors.

The two Surveys (Reports on Dies and Moulds and Research on the problems of Grinding Technology) are available from SERC at Polaris House, North Star Avenue, Swindon, Wilts. (0793 26222). The man to ask for is Mr Jim Sadlier.

AMONG the latest offerings from industry are: The Addison SC 350 rising saw. It's suitable for rounds up to 120 mm O/D, 110 mm squares and sections up to 182 x 82 mm. It costs less than £3,000. Full details from 01-993 1661.

A twin spindle headstock with 30 station tool change units is an attraction in the V-102S vertical machining centre from Yamazaki. (More on 0905 57024.)

Introduced at the Metcut Exhibition was the Ward Crusader lathe. It is a bar or chuck machine with 38 mm, 50 mm or 63 mm diameter bar capacity. Harold Hazzard of H. W. Ward (0905 52524) will provide technical details.

### Rock drills

High Speed Production (01-549 3401) has produced a brochure detailing its tool-making, precision machining, pressings, sheet metal parts and sub-assemblies service.

Down-the-hole button bits of 90 mm diameter in four types for drilling granite, quartzite, limestone and pumice are now available from Fried Krupp in Essen. More on 0201/188-2823, or Telex 0857385.

An X axis of 1500 mm and a Y axis of 1000 mm with up to 999 locations are facilities in the new SIP 700 boring and milling machine from Societe Geneveise. Newport Pagnell (0908 611460).

Already in use in Japan and the U.S., a new model of the SRT Kikukawa multi-rip and cross saw is to be introduced to the UK. With five rip saws and a cross cut, the machine is designed for the staggered cutting of panels. Details from Peter Hill (0628 37648).

Allen Bennett, the Sheffield-based manufacturer of AC and DC motor speed controls, has launched a new range of inverter drives for standard induction 3-phase machines. At the lower end of the range are five and 10 hp transistorised PWM inverters with a simulated sine-wave output. From 15 to 200 hp the design is based on a six pulse DC link. Full details on 0742 893281.

### Small batch

From Machine Tool Agencies in Warwick (0926 496361) there is news of a Soviet built universal cylindrical grinding machine. It



Krupp's new down-the-hole button bits for various types of rock.

is designed for external and internal grinding of cylindrical, taper and flange surfaces in one off or small batch production. Accuracies of within 0.002 mm can be achieved, it is claimed.

### Angle notching

A new range of boiler water level control systems has been introduced by the Huddersfield-based Sbat, Son and Greenhalgh. The launch follows some years of field trials on a float operated on/off system. The company is at 0484 32425.

For the professional market is the new Chalutorch, a gas blowtorch with a concentrated flame which can be connected to a 1.5-3.0 bar propane regulator. More from Camping Gaz International, Windsor 55011.

Versa-Notch is an hydraulic variable angle notching machine capable of notching from 30° to 120°. Maximum capacity is 200 x 200 x 4 mm. Features include 60 strokes per minute, inching control and squaring guides

with adjustable face. Versa Machinery in the sheet metal machinery field will tell you more at 01-965 5354.

Ageots, Skerman Promac, 162, Wiedmill Road West, Sunbury-on-Thames (08327 89646) is to offer in the UK the Fuji cling or stretch film wrapping machine which does not require a supporting tray. The machine can complete about 15 completed packs per minute of loose bundles of leeks, asparagus, carrots, apples, etc. "It's popular in Japan and the U.S.", says Skerman.

### Rake teeth

A positive rake hacksaw blade—the "Positive 10"—can outperform all other blades on hard materials and is more efficient on softer materials. This extravagant claim comes from Sandvik in the Midlands. Its new bimetal blade has 10° positive rake teeth with bevelled corners and is available in standard sizes from 350 to 750 mm. Sandvik is prepared to substantiate on 021 550 4822.

## 'Chemical canaries' sense oxygen levels in mines and sewers

BY ALAN CANE

CITY TECHNOLOGY received its Queen's Award for the development of "chemical canaries." It manufactures a robust, low cost device which senses the amount of oxygen in the atmosphere—a major use is monitoring the air in mines and sewers, a job which used to be the lot of caged birds.

### Increased

The Health and Safety at Work Act was the chief stimulus behind the City Technology (an offshoot of City University, London) move into the manufacture of commercial oxygen sensors. According to Mr A. D. S. Tantrum, its managing director, all the technical innovations were ready in the laboratory; it was the dramatically increased demand as a result of the Act which convinced the City University that it should sell its ingenuity.

Oxygen sensors are based on battery technology. Oxygen reaches an oxygen electrode where chemical reduction takes place, generating an electric current. A barrier round the electron allows the oxygen to reach the electrode at a rate proportional to its concentration in the atmosphere. So measurement of the electric current produced is a measure of oxygen concentration.

Earlier forms of oxygen sensor had their disadvantages; the barrier was made

of thin plastics material and oxygen had to dissolve in the plastics to pass through it.

The sensors needed correction for changes in temperature and pressure and were not well suited to working in the real world.

What City Technology did was to replace the plastics barrier with a solid metal cap pierced by a single capillary hole, seven thousandths of an inch thick.

Oxygen now reached the electrode by gas-through-gas diffusion, solving the problems of robustness, temperature and pressure.

They can also be manufactured cheaply. The City device costs £20 in quantity and has sold some 60,000 of them. They go chiefly to instrument makers who incorporate them in a variety of devices such as air purity sensors, instruments to measure the efficiency of boiler furnaces and devices to check that the level of oxygen in the gas used to flush out the empty tanks of oil tankers is at a safe level.

### Device

Like batteries they wear out; City guarantees them for six months and expects them to last for nine.

Neotronics of Bishop's Stortford won its Queen's Award this year for an energy management device incorporating the City sensor. More of that another day.

## Courses on water purification

THE School of Water Science, the educational trust based at High Wycombe has started running courses on Water Management for Package Boiler Systems, and Options in Boiler Feed Water Treatment.

The courses follow research by the school which suggests that ignorance about water purification technology is leading to substantial losses among the estimated 25,000 industrial units in the UK which have one or more steam raising or hot water boilers. Details of the courses on 01-839 4036.

## Welsh move for robots

PENDAR ROBOTICS has been formed, financed by Technical Development Capital and the Welsh Development Agency.

Located in Ebbw Vale, Gwent, the company, a subsidiary of Pendar of Bridgewater, has been set up to produce and market low cost flexible robotic systems for use in a wide variety of industrial environments. First product is Placemate, a pneumatically operated, self-programmable unit developed in conjunction with Surrey University. It sells within the price range £12,000 to £15,000 and orders have already been taken in the UK, Germany, the U.S. and the Far East.

## Paper Board's call for training

MR A. E. POWELL, chairman of the Paper and Paper Products Industry Board has warned that unless the fibreboard packing case and folding carton industries take urgent steps to improve training in response to technological change, the consequences will be "disastrous."

His warning comes in the foreword to two reports prepared by the Science Policy Research Unit at Sussex University which identify the major problems both industries have to tackle in the face of technological change. The report on the fibreboard

packing case industry points out: "The introduction of electronic controls and the general sophistication of machinery means that maintenance requirements are changing... it is unlikely these requirements can be overcome by buying in trained personnel or through existing training approaches."

"Many firms are not yet confident they can solve the problems associated with the introduction of new technology. New training approaches are necessary if the industry's future prosperity is to be secured."

On the folding carton industry, the Sussex researchers say: "There are grounds for concern that the training arrangement now proposed for the industry will be seriously inadequate to cope with the major training needs."

The two detailed reports give a picture of an industry sector where the implications of new technologies and commercial challenges have not been properly thought through, and where preparation for the future has been inadequate. The reports are available from the PPTTB, Star House, Potters Bar, Herts EN6 2PG.

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## JAPANESE COMPANIES

# Why Japan still thinks small

By Charles Smith, Far East Editor in Tokyo

## War in all but name

"TECHNICALLY," Argentina's Foreign Minister said yesterday, "we are at war." Sr Costa Mendez is right. Even if hostilities have not been formally declared, and in the modern fashion may never be, war is certainly very close.

The attempted recapture of South Georgia by the British yesterday was by itself unexceptionable. It is British; it was not much defended; and it should have been accomplished with very few casualties. Yet it does raise the fundamental question of what happens next.

That is the issue with which the Prime Minister and her Cabinet colleagues will have to deal when they face the House of Commons this afternoon. So far, by a combination of good luck and good management, the Government has achieved an impressively wide measure of support for its handling of the Falklands crisis, both at home and abroad. But there have always been questions lurking in the background. For instance, what happens if the mixture of diplomacy, economic sanctions and the military threat fails to work in time?

**Objectives**  
 The Government is up against that problem now. True, the U.S. attempt at mediation has not yet been declared to have failed. The economic pressure on Argentina could be further stepped up by the Americans joining in the economic sanctions. And the landing on South Georgia could be said to be no more than a demonstration that Britain is serious. But the fact remains that the fleet is there. It cannot stay around indefinitely. The possibility has to be faced that it may shortly be used for much larger engagements.

No one expects battle plans to be given away in advance. Yet the flaw in the British position is that if it comes to war, the military objectives are far from clear. The diplomacy is at odds with the military threat. It has been suggested in previous Government statements, for example, that the aim is to regain the Islands, then negotiate, but the principle that sovereignty was negotiable was coded before the present situation arose. To reduce that approach to the absurd, Britain

## Herr Schmidt on trial

HERR HELMUT SCHMIDT, the West German Chancellor, survived several critical votes last week at the congress of the Social Democratic Party, yet the best that can be said of his political health at the end of it is that "he is no better, he is much the same." That will remain true after a cabinet reconstruction expected this week.

The tumbling way in which he approached that shuffle, with names of possible appointees being hawked around for weeks, shows how much Herr Schmidt has lost of his former incisiveness. Wrangling within his own party and with the Free Democrats, junior partners in the coalition, have taken their toll.

Even the successes at the party congress have settled little. Delegates voted for the Nato policy of negotiating for a reduction of Theatre Nuclear Forces in Europe before deploying the more powerful American cruise and Pershing II missiles. But the matter will be reopened next year, the opponents still oppose deployment, and the waverers still waver.

**Repetition**  
 The defeat of an anti-nuclear motion to suspend new construction of nuclear power stations for two years has only postponed the showdown. The party's support for a more expansionary economic policy, even at the cost of higher taxes, may have put heart into the troops, but is bound to run into stiff opposition from the Free Democrats.

At the very least it will lead to an acrimonious repetition of last summer's battle of the Budget within the coalition. At worst it could lead to those members of the Free Democratic leadership having their way who have been looking for a suitable opportunity to pull out of the coalition.

The disunity of the Social Democrats, which was papered over at the party congress, is matched by divisions within the other parties. Many Free Democrats would shrink from putting into power the Christian Democrats, and especially Herr Franz Josef Strauss. The Christian Democrats themselves are riven by personal rivalries at the top. Herr Helmut Kohl, has not proved the most effectual of leaders, and there are several alternatives who covet his mantle.

Herr Kohl's tactics are to let the Government stew in its own

must recapture the Falklands in order to capitulate gracefully later. Those are very dubious grounds on which to enter a war, the outcome of which is bound to be uncertain.

There is also the position of the Islanders—not just in some hypothetical referendum in the future, but now. If the Falklands are to be retaken by force, that will mean a naval attack and armed invasion. The lives of the Islanders will be in danger. That again is a dubious principle: it implies putting lives at risk in order to defend a way of life that Britain—as has been shown by the Argentinian invasion—cannot defend in the longer term.

**Escalation**  
 Further British military action would have to include not only the possibility of storming the Islands, but also of attacks on the mainland in order to incapacitate the Argentinian air force. That would amount to a major escalation and could endanger the many Britons living in Argentina. Again there would be no certainty of victory, however victory is defined.

It is these questions about which the Government needs to answer. But there is one other question that needs to be put this afternoon: it is why Britain has so far refused to return to the United Nations Security Council. It was the Security Council which backed the Government so comprehensively in the first place. That was before most people even dreamed of how the conflict would develop. Now that war is so close, it is time to go back and reaffirm support.

**Solution**  
 Britain cannot defend the Falklands indefinitely and has no wish to retain sovereignty. The case for what the Government is doing is based on the need to seek an international solution to a problem created by blatant national aggression. It is very important to show that now. The Government should offer to go to the International Court of Justice or to accept UN Trusteeship of the Islands. It should also negotiate, but the principle that sovereignty was negotiable was coded before the present situation arose. To reduce that approach to the absurd, Britain

juice until nothing of it is left. That is how things may eventually turn out, in spite of the formidable constitutional obstacles to changes of government. So the rest of the world must prepare itself for a period of political indecision from a leading Continental power.

**Similar**  
 The Chancellor can be counted on to continue fighting for détente; so much is clear from his references to the Soviet Union as a "security partner"—though not an ally. He will also pursue his push for lower international interest rates; that is clear from his repeated attacks on the "neo-conservatism" of President Reagan and Mrs Thatcher. But he will be doing so from a shaky power base at home.

As a result increased political influence may shift to France, where President Mitterrand has been following similar international economic objectives. In preparation for this summer's economic summit, Mitterrand has already been recruiting an anti-Reaganomics alliance. There is something ironic in this, for in spite of all its troubles, the West German economy looks a good deal healthier than that of France. The inflation rate is coming down, two years of current account deficits are about to be reversed. The unemployment rate is well below that of most other important industrialised countries.

**Balance**  
 Yet there is a general sense of foreboding in West Germany, deeper than actual economic performance would seem to justify. The reasons are historic. Once the war had destroyed most of West Germany's pride in industrial prowess, he came not only a source of affluence, but the basis of national self-confidence. A hemlock on the economy therefore hurts more than in other countries.

Beyond that the world recession has upset the fine balance of welfare and market economics which all West German governments have tried to strike. Ballooning Budget deficits bear witness to that. The electorate might respond to a resolute effort to restore the balance. But Herr Schmidt will need to summon all his former energies to force the political parties, and especially his own, to follow that road.

**A**LTHOUGH often compared in the past with a bicycle because it so obviously ran the risk of losing stability as it slowed down, the Japanese economy can also be compared with a space rocket—specifically one with two stages.

Stage one of the Japanese rocket consists of the multitude of small and medium sized business enterprises which support and sustain the high export oriented companies that have launched the economy into orbit and in the process made Japan a by-word for industrial competition around the world. Stage Two, of course, is the export oriented companies themselves.

Japan's small companies have attracted far less attention over the years than the famous companies they support, but their role in forging the Japanese economic miracle has been crucial for all that. Exactly why this should be—and why small Japanese companies today are experiencing what are probably their most difficult business conditions in a decade—is explained in the following series of questions and answers. What is so special about the role of small companies in Japan compared with their position in other industrial nations?

First, the fact that there are so many of them. In 1981 about 6.4m companies were officially classified as "small and medium business enterprises"—meaning that they employed fewer than 300 workers or operated with less than ¥100m worth of capital. A significant proportion of the total consisted of the tiny "mom and pop" stores which (in the opinion of unsympathetic observers) clutter up the Japanese retail distribution system. However Japan also has no fewer than 830,000 "small and medium" manufacturing enterprises, or roughly one for every 120 people in the country. This is more than twice as many as the U.S. and nearly 10 times the figure for Britain (allowing for the fact that different ways of defining small companies make precise comparisons difficult).

On a value-added basis small and medium enterprises boast about 57 per cent of Japanese output (versus 47 per cent for the U.S. and only 15 per cent from Britain). But small companies have a significance which goes well beyond what might be described as their "static" market share. For the best part of the last three decades they have also been one of the most dynamic sectors of the economy.

Why has the small business sector grown so much faster in Japan than in other countries? The usual explanation is that setting up a company from scratch in Japan is, and always has been, extremely easy. This was particularly the case during the period of "ultra rapid" expansion that lasted from the mid-1950s until the eve of the 1973 oil crisis (during which the number of small companies

grew by about 80 per cent). In pre-oil crisis days, Japanese interest rates were consistently maintained at artificially low rates which meant that it was easy and cheap to raise bank loans as working capital. Another factor that contributed, and continues to contribute, to the proliferation of small companies is the Japanese taste for subcontracting. What this means, in a nutshell, is that most big companies prefer to farm out the manufacture of specialised components to independent contractors rather than make everything for themselves. The classic instance of subcontracting in Japan is the motor industry where Toyota, for instance, depends on input from approximately 36,000 companies (ranging from relatively large to very small indeed) to produce one passenger car. Only about 200 out of these actually deal directly with Toyota, but these "main" subcontractors have their own suppliers who in turn may depend on still smaller and more specialised manufacturers for some of their inputs. Does anyone today consider that small companies represent a weak point in the economy?

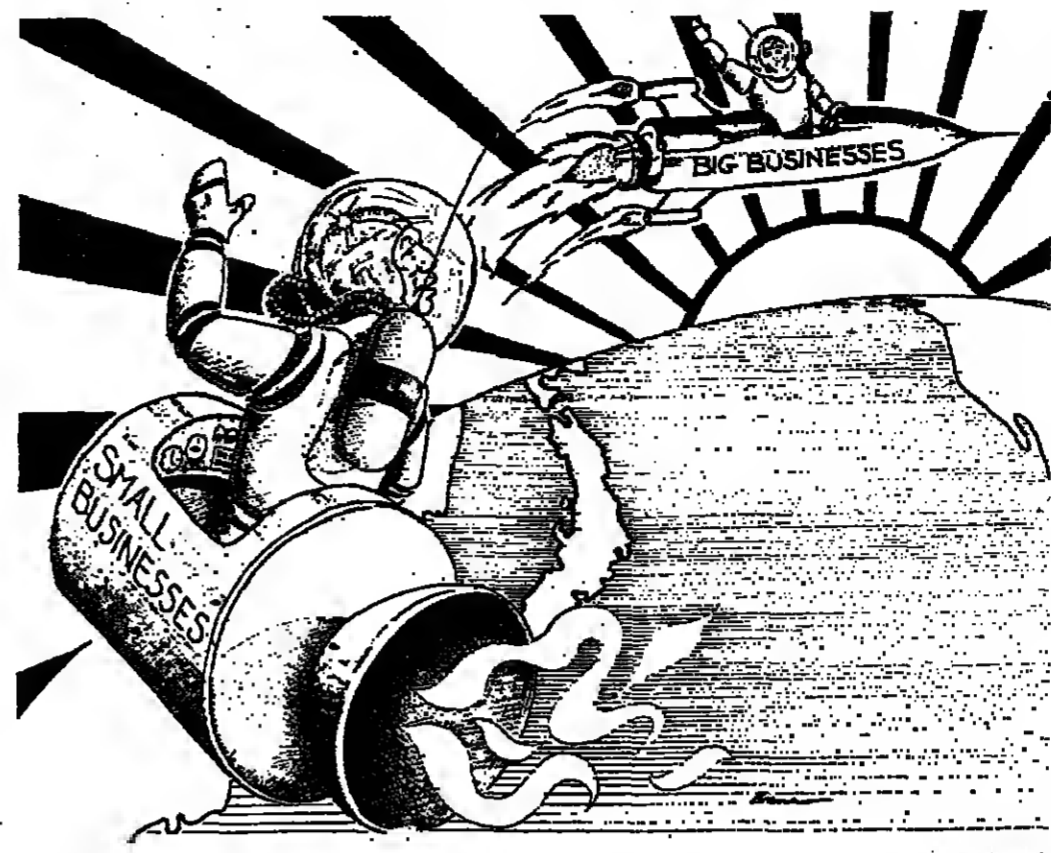
Discussion about the economic pros and cons of small companies tends to get mixed up with political considerations: the mere fact that about 70 per cent of the nation's work force is employed in this sector means that small and medium enterprises represent a massive political "constituency" for the Ruling Liberal Democratic Party, more important even than its agricultural "constituency". However, leaving politics aside, it does look as if Japan has here-

Japan has twice as many small companies as the U.S.—and nearly ten times as many as Britain. For the last 30 years they have been the critical first stage of the economic rocket that has made Japan a by-word for industrial competition. But times are hard, real interest rates are rising and Japan is worried that its small companies may not be able to take the strain.

sted far more than it has suffered from having so much of its industrial production in the hands of small companies. One important point is that big companies tend to create "structural rigidity" in the economy whereas small companies contribute flexibility by virtue of the speed at which they appear and disappear. (According to one estimate about half the companies in the wholesale trade sector have "turned over" in the past two decades—in other words 50 per cent of those who were in business 20 years ago have been replaced by an equal or larger number of new entrants.)

A second advantage of small companies is that they enhance competition. Newly emerging Japanese industries nearly always attract large numbers of small entrants who compete for market share by cutting prices before dropping out in favour of a few "lean and mean" survivors when the industry reaches maturity.

Does the government do anything to help the small business



Bruce Radovic

sector or does it sit back and let things take their natural course?

According to Mr Koji Omi, Director General of the Ministry of International Trade and Industry's Small and Medium Enterprise Agency (MITI), the basic policy is to encourage self help rather than provide subsidies. This certainly does not mean that the Government declines to spend any money at all. Around 0.5 per cent of the national budget actually goes on a variety of schemes for promoting technology development in small companies.

One such project provides grants for the establishment of "technology plazas"—groups of up to 30 small businesses from different industries which meet at regular intervals to discuss ways of pooling know-how and developing new products. Apart from direct financial inputs of this type the government provides low interest rates loans from funds deposited in the Post Office savings bank to three state controlled institu-

tions which specialise in small company financing.

The three banks between them provide about 10 per cent of all funding for small and medium sized enterprises and do so at rates which are generally more attractive than is available in the private sector—if only because borrowers from state controlled banks are not expected to make the "compensating deposits" sometimes asked for by private banks. One of the three state banks, the National Finance Corporation, specialises in really small companies (chiefly those with 20 or fewer employees) and prides itself on having made loans to no fewer than 1.5m enterprises, nearly a quarter of all the companies in Japan.

With so many things going for them can one assume that Japan's small companies will continue going from strength to strength—or are there problems on the horizon?

In the past two or three years (during which the economy has plunged into what by Japanese standards is a fairly severe recession) life has grown very tough indeed for small companies. The National Finance Corporation estimates that about 30 per cent of its clients are running at a loss (the National Tax Agency says 40 per cent) and that 15 per cent have already lost more than their original capital. As far as production is concerned small companies have started losing ground against big corporations since the late 1970s.

The hard times that small companies have been having seem to be due to two things, one of which can be regarded as "normal" while the other could be a source of

serious future problems. The routine aspect of the situation is that small companies nearly always get squeezed in Japanese recessions because big companies take advantage of their superior bargaining power to delay payments to their suppliers while simultaneously running down their inventories.

The second and more serious issue concerns interest rates. Small companies depend much more heavily on bank borrowing than their larger competitors—in part because no other source of funds is available to them—and real Japanese interest rates have risen rapidly in the past 18 months even though nominal rates look very low compared with those of other nations.

The problem of higher real interest rates (meaning nominal interest rates minus the rate of inflation) would not matter much if it could be regarded as a passing phase but this is very far from being the case. Because of progressive money market liberalisation by the Bank of Japan Japanese interest rates are gradually becoming more responsive to external pulls, which, of course means that they are tending to get higher.

Does the interest rate problem mean that the golden age for small Japanese companies may be over?

Not according to the MITI bureaucrats who make it their business to foster this portion of Japan's economy. They claim to be able to detect another new trend in the situation—namely the emergence of an increasing number of ultra-high technology small enterprises in industries such as computers and robots some of which are out-inventing companies that are 10 or 20 times as large. This technology revolution in small and medium enterprises in Japan is not caused by anything resembling the American phenomenon of "spin-off" from larger enterprises for the simple reason that, in Japan, people tend to stay put at the same company for life. What does seem to have caused it is the much more straightforward phenomenon of men who own small companies sending their sons to university to get better education than they themselves could afford.

In order to nurture the new generation of "venture businesses" as it likes to call them, MITI wants to revolutionise the system for financing small companies in Japan. This would be done by establishing a large, unified and easily accessible over-the-counter market for small company shares.

The Ministry of Finance (MOF), which makes the rules for securities trading in Japan and which sees itself as the guardian of the investors' (as well as the nation's) solvency is not going to budge easily on this issue. But even MOF seems to be starting to realise that Japan could lose one of its most precious economic assets if it does not take steps to help small businessmen find new ways of raising capital.

### HOW PRODUCTION HAS GROWN

	(1976=100)		Processing industries	
	large companies	small companies	large companies	small companies
1977 1st qtr	114.0	114.4	117.2	117.4
1978	117.0	117.2	124.5	120.1
1979	126.1	123.1	135.6	129.0
1980	134.1	129.4	160.7	142.1
1981	123.7	120.1	179.5	145.1

Note: Small companies are those with less than 300 employees or less than ¥100m worth of capital. Materials industries are those producing inputs for other industries: e.g. oil refining, paper, non ferrous metals. Processing industries are those producing finished goods: e.g. motors, electronics, etc.

## Men & Matters

### Shields and defenders

Should you hear anguished cries while passing through Victoria, London, relax. It is only a judicial execution being carried out by an expert.

The Commission for New Towns is Britain's fattest quango with a portfolio stuffed with £500m worth of property and land. Its new chairman, Sir Neil Shields, aged 62, has just started work as the government-appointed executor to kill it off humanely "but damned quickly." His orders came from environment secretary Michael Heseltine.

As a company marriage broker, management consultant, and industrialist (his directorships include Central and Sheerwood and Chesham Amalgamations), Shields is well fitted for his task. And his political credentials are considered impeccable as a one-time Conservative candidate, now a party bigwig, and a council member of the free-enterprise loving Aims of Industry.



"The PM has expressed her disapproval... in triplicates"

### Pastures new

In dark suits, ties and wellies, a group of bank managers were mucking out the pigs, milking and handling stock at the Harper Adams College of Agriculture last week. As "Big Farm Weekly" observed, the Trustee Savings Bank was "stepping carefully" into the new pastures of agricultural lending.

The managers had come out of their cubicles to learn enough about farming—including the mysteries of the common agricultural policy—to equip them to do business with potential farming customers.

The TSB's campaign to provide farmers with a no-frills lending and banking service has begun in the Wales and Border Counties regions. But the signs are that the Bank intends to challenge the Big Four more widely and vigorously for business in this field.

According to the farming

journal, the new competition will be welcome. It claims that some farmers have been charged up to £100 for what they regarded as routine visits by their bank managers.

### Trade pattern

Cowboy boots, I am told, are the subject of a full chapter in William Ross's seminal work "The Sex Life of the Foot and Shoe." The author finds in them "a hard toughness... the boot itself feeds the undernourished sexual ego of the wearer."

But big macho boots are not enough in themselves to satisfy this need, still apparently widespread in the U.S., says Craig Veasey, of Tennessee's Acme Boot Company. "People do buy boots for their colour and exotic hides but the stitching is the most important feature."

Which is good news for the British United Shoe Company in Leicester. For the company, owned by the U.S. Emhart Corporation, makes computer-aided stitching machines which can weave a "Texas chic" pattern over the leather in little more time than it took Wyatt Earp to draw a head.

Acme has bought 45 of Leicester's robot embroiderers, doing wonders for bruised male egos in the States and quite a bit for BUS's balance sheet as well.

### In the wings

One man will be watching the preliminary results from John Crowther, the Huddersfield textile concern, with particular interest today. Not Trevor Barker, who in January 1981 acquired control, but Joe Hyman, the man who put Hyman together and later saw it all fall apart.

After Hyman was ousted from Vivella just before Christmas 1980 he transferred his affections from his native Lancashire to Yorkshire and for nearly 10 years ran Crowther until he sold out to Barker, a

Darlington accountant. It is now 15 months since Hyman severed his last management link with the company that makes up-market cloth for women's clothes but he still keeps a paternal eye on its progress.

On his arrival Crowther had 1,000 looms. Now it gets by on 28. He cut the fat and put in a lot of new capital but he could not generate much in the way of profits.

Ill-health as much as the inability to get profits forced Hyman to pull out. He has just recovered from a serious operation. Now he sits on the terrace of his elegant house overlooking his 500 acres and more than 1,000 sheep, talks about the price of lambs, grows pears, grows peaches, and reminisces while waiting like Cincinnatus for the call.

It nearly came, he thinks, in the early days of the Heath Government but Whitehall fought shy of his form of leadership. He would call it ebullient others abrasive. Private manufacturing industry no longer interests him, but banking and particularly industrial banking could. "I am 60 now and all that whizzing about, building things up, is no longer for me. I certainly wouldn't want to go back into textiles, but public affairs, that's another matter."

But things are stirring. There's a hint about a move into banking this week so perhaps the sheep will see less of him.

### Sub poena

Canadian lawyer Samuel Weir left £813,500 in his will with a request that it should be used to pay for a "great evening out" each year for the law graduate with the lowest marks. The Law Society of Upper Canada has turned down the request, saying that it could not go on record as condoning bad grades.

## What price a child's smile

Sally is eight years old, she has never been able to walk and the brain damage she suffered at birth makes it difficult for her to control her movements.

For Sally, operating the lever that propels her wheelchair is a bit of a struggle. In fact it sometimes takes three or four minutes of hard effort to put her hand squarely on the control lever and move the chair.

Writing is difficult for her too. Even with one of our specially adapted electric typewriters, it can take her half an hour to write one sentence.

Yet, despite the frustration of living inside a badly damaged body, Sally has a lively, lovable personality and dearly enjoys a joke. She likes reading and singing too, and she's particularly fond of flowers.

It's hard to believe that when Sally first came to us, she hardly ever spoke and never smiled. As though her handicaps were not enough, Sally had suffered neglect and even violence from her parents. Hardly surprising then, that it took a long time and a lot of gentle, loving care before she gave us her first smile.

Our care knows no limits, but our money does. It costs a lot to run a residential home for severely handicapped children and to provide the specialist care and equipment they need if they are to make progress in spite of their handicaps.

£5 buys a pack of special work cards, £40 buys a set of reading books for children with learning difficulties. And it can cost up to £1,000 to buy a typewriter specially adapted for children who have only limited head, arm or foot movement.

Every £1 you send helps us give children like Sally a future. And it helps even more if you make regular payments by Deed of Covenant (we'll send details on request) because that way we can claim back tax, so every £1 you send is worth £1.43 to us.

Please send what you can today to me, Nicholas Lowe, Appeals Director, Room 322, Dr Barnardo's, Tamers Lane, Ilford, Essex IG6 1QG. If you prefer to donate by Credit Card, please phone Teledata on 01-260 0200, quoting your card number and Barnardo's Room 322.

The true identities of our children are withheld to avoid distressing publicity.



Observer



ITALY'S ENERGY GIANT

The fierce battle to run ENI

By James Buxton in Rome

ON A grey Thursday evening last February Sig Alberto Grandi, chairman of the Italian state energy company ENI, was summoned to the office of the Minister of State Shareholdings, Sig Gianni de Michelis. He was told the Government wanted his immediate resignation, less than two-thirds of the way through his three-year term.

The question of Sig Grandi's competence was not raised. He was being sacked because he was associated with the Christian Democrat Party and the Government wanted to appoint a Socialist to run the company—the fourth largest in the world outside the U.S. It was, even by Italian standards, an astonishingly blatant example of political interference.

It was so blatant that it misfired. Sig Grandi stubbornly refused to resign and had to be forced out of office by decree. The plan to replace him with his Socialist vice-chairman Sig Leonardo di Donna had to be dropped. Instead it was decided to appoint a special commissioner to replace the board and

Urgent questions about the nature of Italy's political system

run ENI single handed for six months. After much arm-twisting Sig Enrico Gandolfi, the respected five-year old chairman of an ENI subsidiary, was made commissioner.

The result is that ENI now has its fourth boss in just over three years and will almost certainly get a fifth in the autumn. As might be expected, morale at the company, once the pride of Italy's post war renaissance, is low. ENI is heavily in debt and made a large loss last year.

The incident raises urgent questions about the Italian Government's control of the state industrial sector—admired in the 1960s as a model for other countries' nationalised industries—and about the nature of the Italian political system itself.

ENI—the National Hydrocarbons Institute—is primarily Italy's state oil and gas company. Its subsidiary Agip is a major force in the league of world oil companies, after the seven sisters. Last year it produced or procured half

of Italy's oil supplies and accounted for about two thirds of ENI's total turnover of L57,500bn (\$29bn). But ENI is also heavily involved in engineering, chemicals, minerals, nuclear fuels and utilities.

The power that the running of this vast concern confers on its holder means that it can never operate in a political vacuum and its whole history has been intimately linked with that of the Italian political parties. Its heyday, on which its reputation is largely based, was the first nine years of its existence from 1953 to the death of its brilliant creator, Enrico Mattei in an air crash in 1962.

It is now the prime objective of Sig de Michelis to reform the whole state industrial sector: to cut its record losses which for last year are expected to reach 7,400bn, one of the feather-beds of much of the workforce and reduce its debt (totalling at least L30,000bn).

The Minister is a dynamic Socialist and has already reorganised some of the worst sectors of IRI (the Institute for Industrial Reconstruction—a hotpotch of different interests). He has also told workers to their face that the show cannot go on like this.

But the Italian state sector has another function. Italy is the most politicised country in Europe and each political party is a vast apparatus whose tentacles stretch into every institution in the land. The funds that parliament awards the parties come nowhere near their needs, so they have long relied on the state sector as a major source of finance, patronage and (until recently) the creation of jobs in the fiefdoms of local party bosses.

ENI is caught between these contradictory objectives. On the one hand the best interests of the state would theoretically be served by its chairman being a technocrat, as was Sig Grandi who had little contact with parties. But as Sig Grandi's story shows, such a man cannot function without the co-operation and support of the politicians and can be undermined by infighting in the company itself.

This was something Sig Mattei well understood. He took over the already existing Agip after the war and infuriated the major



The ousted Sig Grandi

oil companies in the Middle East and in Italy itself by relentlessly trying to undercut them. He discovered gas and a little oil in the Po Valley in Italy and spread the ENI symbol of the straggled tower spouting flame along the Italian highways with the chain of Agip service stations.

To be independent Mattei needed political cover and he was prepared to pay for it. Primarily the predominant Christian Democrats, but also other parties of right and left, received payments from ENI, though Mattei himself refused even to take his salary. He was called the "incorruptible corrupter."

This, and the fact that ENI had had only modest success in finding oil, had lasting effects. ENI was heavily in debt when Mattei died. His successor Eugenio Cefis, needed capital from the government and to obtain it he reduced ENI's exploration programme abroad, investing more in Italy to reward the politicians who favoured the company with domestic projects which provided patronage and funds.

Though ENI was enormously powerful under Cefis, it became an instrument of the Christian Democrats instead of an independent concern that bought support. It invested heavily in chemicals, but the chemical expansion was not a carefully

planned strategy based on strict economic criteria: it was a "chemical war" in which state and private groups competed to use state funds to build chemical plants where it was politically most expedient. Losses mounted and ENI initially had little attention to devote to the transformation of the energy scene after the 1973 oil price rise.

The result was that ENI became more dependent on the state for capital. In the late 1970s it was obliged to take over the mineral and textile operations of another state holding company which was being broken up. Instead of being a lean oil company it was gaining the characteristics of the amorphous IRI—lack of economic logic in its structure, heavy indebtedness and increasingly bureaucratic management, despite some technically and financially successful subsidiaries.

Nevertheless ENI had only four chairmen in the first 26 years of its existence to 1979 and the combination of a Christian Democrat at the top and another at the responsible Ministry of State Shareholdings meant stability for those who worked in it.

The recent dismal period in the corporation's affairs began in 1979 when a Socialist, Sig Giorgio Mazzanti, was appointed

chairman. His appointment was part of a deal between the Christian Democrats, the Socialists and the other parties of the centre left whereby the Christian Democrats would have the chairmanship of IRI, the Socialists that of ENI and the other parties would have, in rotation, the chair of the third industrial holding, EFIM. This was in recognition of the fact that Socialist support was essential to any government.

Sig Mazzanti's chairmanship ended abruptly in December, 1979, in a scandal over the destination of part of the commission paid on an oil supply deal with Saudi Arabia at advantageous prices. Committees of inquiry have yet to establish where the payments went, though Sig Mazzanti himself has effectively been cleared. The most widely accepted theory is that the scandal was provoked by the Right-wing of the Socialist Party to blacken and thus neutralise its Left-wing.

The politicians involved were breathtakingly indifferent to the scandal's consequences for Italy: the Saudis cancelled the oil deal, cutting off Italian access to cheap crude at a time of rocketing prices. More important for them at the time was to get ENI to take over the chemical plants of two defunct private sector casualties of the chemical war—which further distorted its shape and its viability.

Sig Egidio Egidi was brought in as special commissioner to replace Sig Mazzanti and was named chairman in early 1980. But he resigned after only a few days because he refused to accept government nominations to the board, including that of Sig Leonardo di Donna. Finally the Government managed to persuade Sig Alberto Grandi, a technocrat who had worked under Mattei, to become chairman. He agreed to accept Sig di Donna as vice-chairman for the sake of political balance, being himself associated with the Christian Democrat Party.

Sig Gandolfi, the new special commissioner, has great powers in theory—the board has been dissolved—but little time to use them.

Under Sig Grandi, ENI developed strategies to deal with its vast chemical inheritance—including a joint venture

with the U.S. oil company Occidental. It started to tackle its oil supply problem, and repair relations with the Saudis and it concluded technical negotiations on gas supplies from the new Soviet pipeline.

But there was little harmony on the supervisory board. The executives became increasingly politicised and Sig Grandi himself preferred to work at the Milan offices of ENI, while Sig di Donna was all-powerful at headquarters in Rome. Thanks to the disastrous chemical sector (which alone lost L14,000bn in 1981), ENI's loss last year is put at L850bn, including capital write-offs.

Sig Grandi's position was weak because he had few supporters at the top of the party which appointed him and because the secret 1978 agreement yielding his job to a Socialist was a time bomb that could explode at any minute.

But the key questions are what happens when his six months expire, and how the Government wants ENI to be run. At one level it urgently

The problem is that of the basic stability of Italy

needs ENI to carry out its functions as a supplier of oil and gas efficiently and profitably, so that it can cease to be a burden on the state.

That would suggest the need for a more political figure similar to Eugenio Cefis—with whom Sig di Donna, the original Socialist candidate to replace Sig Grandi, is often compared. But Sig Cefis reduced the efficiency of ENI because of his political orientation, and was too powerful for most politicians to stomach.

The problem may be insoluble, and it is that of the basic stability of Italy. The Communists, as the second biggest party, are excluded from power. That reduces the competition between the other parties to a battle to get their men into important positions in every part of national life. The cleansing effect of one party going into opposition and another coming in to clear away the undergrowth is precluded because its predecessor left behind its own

Lombard

There are no cheap wars

By Samuel Brittan

Prince: Why, thou owest God a death. Falstaff: 'Tis not due yet: I would be loath to pay Him before this day. What need I be so forward with Him, that calls not on me? Well, 'tis no matter: honor pricks me on. Yea, but how if honor prick me off when I come on? How then? Can honor set to a leg? No. Or on arm? No. Or take away the grief of a wound? No. Honor hath no skill in surgery then? No. What is honor? A word. What is in that word honor? What is that honor? Air—a trim reckoning! Who hath it? He that died a Wednesday. Doth he feel it? No. Doth he hear it? No. 'Tis insensible then? Yea, to the dead. But will it not live with the living? No. Why? Detraction will not suffer it. Therefore 'tis none of it. Honor is a mere scutcheon—and so ends my catechism.

Henry IV, Part 1.

The Falklands operations are going to have a cost, above all in human terms, but also in finance and resources. Military spending will be much higher than when the Government framed its Budget.

Yet long before he or anyone else has the slightest idea what these costs are going to be, Mr Peter Shore, Labour's Shadow Chancellor announces that he will strenuously oppose any tax increases or cuts in other kinds of spending to pay for the operations. His argument is that, as the economy needs a boost in any case, the operation should be financed by borrowing.

I find the attitude not merely an economic but above all a moral, co-out. Mr Shore is falling into the same trap as President Johnson over Vietnam and President Reagan over the present U.S. arms build-up, which they have supposed can be financed without anyone paying for it. The co-out is wrong because it fosters the illusion that there is such a thing as a free war. The human cost of war is, to use a phrase, the paramount one. But if the pretence is made that there is no financial cost, one additional "Stop and think" barrier is removed.

The argument about the Government's fiscal stance is a supreme irrelevance and indeed an example of the spurious technicalities brought up by those who want to talk away the costs of their policies. If Mr Shore were Chancellor he would presumably have already increased spending, reduced taxes and relaxed monetary policy as far as he could be considered wise. The Falklands expedition would then still come as an unexpected addition to government spending. Taxes would still have to be higher or other spending reduced to adhere to his fiscal stance. It is the marginal effect that matters for evaluating the cost.

If the Argentine Government is prepared, as it seems, to withdraw its troops, there is no moral justification for the British side to start a full-scale shooting war, however unsuccessful the other conditions. On the other hand the fleet cannot be expected just to turn back if the Argentines can come back at any time they like. Barriers have to be erected, such as the presence of UN or U.S. forces, which the junta would think twice about taking on. A facing-swing formula is also needed for both sides to get over the metaphysics of "sovereignty".

If we want to reduce the damage to the international order from the Argentine aggression at minimum cost in human lives, it is vital not to extend the hostilities even further but rather to shift the emphasis back to negotiation. In that case the operation will be neither quick nor cheap; and the least that comfortable citizens "bow a head" can do is to dip into their pockets.

Some people argue that it is immoral to worry about deaths, suffering and casualties when principles are at stake. This principle may occasionally entail the use of limited force to prevent even greater suffering in future from a breakdown of international order.

But a decision on the matter should be made by the international community—as it can be in a number of forums—and not by a government itself involved in the dispute.

Letters to the Editor

Cuba's growing economy and trade with Comecon

From the Commercial Counsellor Cuban Embassy Sir,—You quote (April 6) a U.S. Congressional committee report that despite "some success in the social field" the Cuban revolution has been "an economic failure." It argues that the U.S. embargo has been a "crucial impediment," and Cuba has "benefited little" from its Comecon membership. We have yet to see this report, but your précis inspires little confidence. How can "social" successes accompany economic failure? Cuba's acknowledged gains in health care, education, housing, social security and other aspects of welfare can only have been accomplished on the basis of a

growing economy, rational planning and a commitment to social and economic advance. The idea that Cuba has failed to benefit from Comecon is absurd, especially in the context of the U.S. blockade. Sixty-five per cent of Cuba's trade is with Comecon, and co-operation with the Socialist countries has in no small measure allowed Cuba to withstand the siege and distribution. Cuba has also been generally successful in diversifying its trade with the West, contrary to the report. The story of Cuba's economic "failure" is not new among Western commentators. It would take more than a letter to set out the counter-argu-

ments, but much of the case for "failure" is based on shabby data—assumptions, "guesstimates," etc.—produced from U.S. sources and widely repeated. One unfortunate side-effect of the U.S. embargo is that the Americans deny themselves access to official Cuban statistics which would permit a more informed and balanced judgment. While not minding constructive criticism from friends, and acknowledging the economic problems posed by low sugar prices, etc., I am obliged to anyone—however powerful—dressing up their own political cause with dubious economic arguments and phoney statistics. Justo Arnesto, 167 High Holborn W.C1.

Planning in the dark

From the Chairman, Common Assurance Sir,—I have read with interest Anthony Harris's article of April 22 and his, as well as the House of Commons Treasury and Civil Service Committee's criticisms of the Treasury's White Paper on public expenditure planning. In this publication the Treasury is moving from volume budgeting to budgeting in cash terms. The Treasury has always been able to defend itself most successfully and hardly needs my help. But in fairness it must be said that in their usual cautious way they took some soundings on this subject from the private sector and there was almost universal approval from that source for what they have now apparently done. No subject of this magnitude is ever either all black or all white but in a private sector organisation it is always considered that there is no point in planning in advance only if, say, at the end of the second year you are going to run out of cash! In my view the House of Commons Committee would be better off accepting the Treasury's new method and at the same time asking two simple questions: What are your volume assumptions? What are your inflation assumptions? I think with the medium term plan presented in cash terms and broad answers given to the two questions they would then have all the information on which to make judgments. Alfred E. Slinger, Latham House, 16 Memories, EC3

Civil service pay

From Mr J. Heinson Sir,—I was interested to read that at the civil service pay arbitration tribunal bearing, the Treasury argued that no pay increase was necessary because there were, in general, many more applications than vacancies for jobs in the civil service; in the Inland Revenue for example, the ratio was about 6 to 1. I understand that there is also keen competition to become a member of the armed forces and the police force and that there are often more than 400 hopeful candidates for each MP's job. J. T. Heinson, 57 Pierrejordanes Avenue, Farnborough; Hampshire.

Investing for pensions

From the Chairman, Martin Paterson Associates Sir,—There is a further and, I believe, more important point than that made by Mr Bannerman (April 20) about the way the contracting-out rebate has been calculated. The underlying assumption, given the right average age, is that schemes will be able to earn 1 per cent more than the rate of increase in national average earnings, with an adjustment to compensate for risk. About 1 per cent is allowed for the latter. Employers will have their own view on whether this adjustment is sufficient to compensate for the risk involved in meeting a target real return of 1 per cent per annum. But they should draw little comfort from past experience. In his report the Government Actuary draws attention to ordinary share returns over a 50-year period and compares these with earnings over the same period. One must question, first the validity of taking a 50-year period as he has done, and secondly, basing this on 100 per cent equity investment. Most people would argue that conditions in recent years have been so different from those in the years just before and just after the war that it is really irrelevant to look back more than, say, 20 years. This would then exclude the 1950s when there was a major market reappraisal of ordinary share prices and the first appearance of the reverse yield gap. If we go back about 20 years, investment in a 100 per cent equity index would show a real yield of exactly zero against earnings. But is the assumption of 100 per cent investment in equities itself reasonable? To start with, "insured"

schemes are certainly not invested 100 per cent in equities, the returns they afford being closer to those obtainable on gilts which over the same period show a negative yield against earnings of about 6 per cent. But since it is pretty silly to contract out if you have an insured scheme, perhaps we should leave these out of account. The fact remains that nearly all directly invested schemes have a proportion of their funds invested in gilts and the Government's own premium tables, which are available for use by contracted-out schemes in certain circumstances, appear to recognise this fact by being based on a 65 per cent equity/35 per cent fixed interest asset distribution. If we take this particular mix, then the yield over the 20-year period would be 1 per cent negative. In the light of this experience, one might expect a sensible board of directors to demand of the Government a much higher premium to take on a risk of this nature with such a poor prospect on the evidence available of a profitable outcome. Martin Paterson, 10 Buckingham Place, SW1.

Tinkering about with taxes

From Mr P. Inman Sir,—How tempting it is, on reading your editorial of April 20 on the growing complexities of the tax law, to hope that there would be some measure which the Government could introduce which would free us, as it were, "at one bound." Experience should, however, by now have shown that the process of tinkering with the existing structure of taxation, and then hastening to block the loopholes opened up unwittingly elsewhere, is never ending,

benefits only the employment prospects of tax collectors and consultants alike and impoverishes the rest of us by diverting what human energy and ingenuity there is away from profitable enterprise into tax avoidance. To call for root-and-branch reform of the tax structure is not the same as to complain about the overall tax burden. That is arguably too high, and should be reduced. Tax reform is a worthy objective in its own right and, at a time when citizens should be bracing themselves for a possible increase in taxation, the need for an efficient, equitable and understandable taxation system becomes more urgent rather than less. The next steps in the development of tax law ought not to be the raising or lowering of a rate here, the granting of a relief there, but an attempt to remove whole sections of taxation step-by-step: abolition of national insurance contributions by employees and employers, supplying lost revenue from income tax; substitution of individual PAYE by a payroll levy, paid by employers at a rate of, say, 45 per cent of the total bill for wages and staff benefits; abolition of personal taxation on individuals and businesses with unlimited liability and with it all the apparatus of capital gains tax; substitution of capital transfer tax by a low-rate annual tax on the self-assessed value of immovable property; use of the property valuations as a tax base for domestic rates; and voluntary VAT registration by traders. Having scaled these footholds, one might then proceed to the heights of corporate taxation. Philip M. Inman, 24 Church Lane, Teddington, Middlesex.

Advertisement for Alitalia Business Class Service. Includes text: 'INTRODUCING THE ALITALIA BUSINESS CLASS SERVICE. It makes flying on business a pleasure.' Features a table of business class fares: TURIN/MILAN £139, PISA £153, VENICE £156, ROME £181. Also includes flight times to Heathrow and information about Alitalia's Flying Boutique and holidaymakers.

# Slough Estates predicts a brighter future

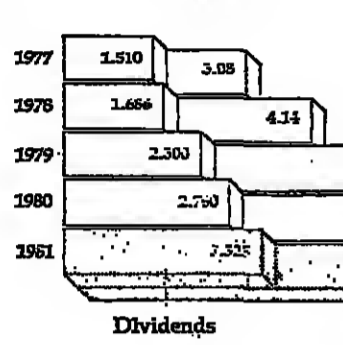
Pre-Tax Profits increase	17.8%
Earnings per Share increase	17.0%
Dividends increase	20.0%

One for Four Scrip Issue and forecast of maintained dividend.

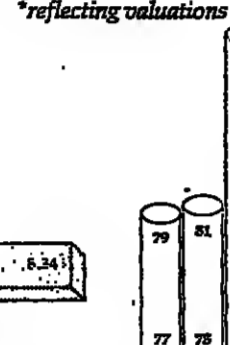
For the year ended 31st December 1981, Slough Estates plc increased pre-tax profits by 17.8% from £11,431,000 to £13,467,000 including a profit of £852,000 on the realisation of an investment in Bank America Realty Investors.

early part of 1982 had begun to contribute to the improved performance of the utilities division. The division will certainly benefit from the much greater thermal efficiency of the new equipment but the return to profitability must now

Dividends and earnings per share (pence)



Net assets per share (pence) reflecting valuations



This figure was achieved during a year marked by the continuation of the very severe recession and of the high interest rates that have affected the demand for premises in all markets.

### The United Kingdom

In the U.K. some 270,000 sq ft of new industrial floor space was constructed—a lower figure than in recent years reflecting the state of the market.

New construction has largely been concentrated in the South of England where demand has remained more buoyant than in other parts of the country.

The group holds an inventory of 79 acres of land for future development. Much of this is located in the South East of England and West along the M4 and it is expected that these locations will continue to attract new investment.

The major modernisation of the power station has been completed and from the

wait a recovery of demand and a more rational policy of energy pricing.

### Overseas

In Australia activity has been constrained by market conditions. Despite a very weak situation in the Melbourne region we have been able to maintain a good level of occupancy, whilst in Sydney market conditions are much better.

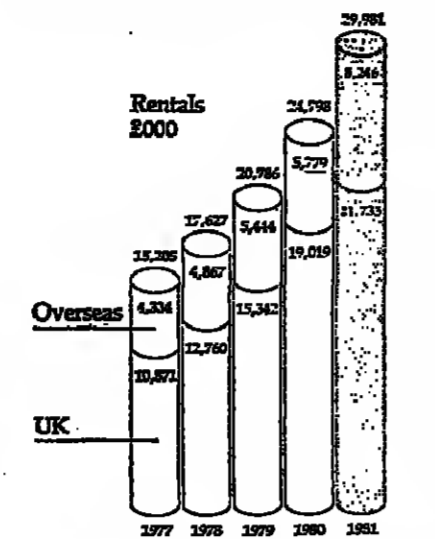
We have at long last leased the 175,000 sq ft office building in Rue du Luxembourg, Brussels and the development of the small industrial estate near Brussels Airport is progressing well.

In France occupancy of our properties has improved and the opportunity taken to sell some buildings and five acres of undeveloped land. The warehouse project in Hannover, West Germany has

been completed with 37% of the accommodation leased.

The Canadian company has had another good year with profits rising by 25%. The 54,000 sq ft office development at Markham is complete and 75% occupied. An additional fifteen acres of land in Toronto has been acquired.

In the United States, the Riverview Plaza is now fully open. The major office project at 33 West Monroe Street, Chicago is complete and full rental income will benefit the group in 1982.



**Finance**  
The group ended the year with £11.5m of cash and with adequate banking facilities available for the current development programme and for the acquisition of new projects.

### Prospects

Many aspects of the recession are still with us; despite this there are some positive signs of improvement. The group is represented in incatins that will continue to out-perform the average and is well placed to respond to better conditions in the future.

We have the land resources, the expertise and the financial strength. For 1982 improved rental income is expected in the U.K. from reviews, reversions and new projects. Overseas prospects are also improving thanks amongst other things to the leasing of the Brussels office block.

I am confident that subject to no unforeseen circumstances arising we will be reporting a significant rise in pre-tax profits and anticipate increasing the effective distribution by 25%.

NIGEL MOBBS  
Chairman.

## SLOUGH ESTATES

Helping Britain get back to work

# GRA expected to apply for full SE re-listing

BY DUNCAN CAMPBELL-SMITH

FORMAL APPLICATION for a full Stock Exchange listing is expected this morning to herald the last stage in a six-year-long struggle for reinstatement by The GRA Group, the greyhound racing business which became GRA Property Trust just in time to be all but swept away by the 1974 collapse of the property market.

GRA's shares were suspended at 10p in October 1975 and were subsequently dropped from the Official List when the company entered into a Scheme of Arrangement with its creditors in 1976. Today's formal application for re-admission to the List will be heard on Wednesday and first dealings on the floor of the Stock Exchange could begin on Friday.

Full-bodied recoveries from the Scheme of Arrangement process are not a common event. The process itself—which provides a moratorium on debt repayments and interest charges to allow for a drastic restructuring of a company's capital—has been used rarely enough, reflecting the practical difficulties of obtaining the co-operation of creditors.

Sales of the Stern Group's property assets were managed under a Scheme of Arrangement for three years until July 1975—though by that time Mr William Stern himself had declared a bankruptcy with personal debts of £118m. Hearings on Mr Stern's discharge were referred back to the High Court in February.

In GRA's case, a foray into the property world in 1971-74 left the company owing £15m to half a dozen principal secured creditors of whom easily the biggest was Pension Funds Securities, the pensions arm of ICI.

GRA had a negative shareholders' equity position and the creditors agreed a Scheme which was instituted with High Court approval in July 1976.

The Scheme—which was terminated on December 31 1981—relied heavily on assistance from Bang Brothers and management by Mr Jack Aaronson, who was brought on to the GRA board as chairman and chief executive when disaster loomed in October

1975. He promptly forced the resignation of three directors and has masterminded GRA's recovery ever since.

Mr Aaronson yesterday attributed that recovery in GRA's successful sale of most of its properties and of its stake in Coral Leisure, which provided for the repayment of secured creditors, while operating profits from the company's ten racing stadiums were used to pay off unsecured creditors.

He said National Westminster Bank had been "an absolute tower of strength" for the company, which had also received important support from several other parties, including Stock Conversion Investment Trust (enabling GRA to continue operations at its White City stadium).

GRA still has 15,500 shareholders, hardly less than it had prior to its collapse. The ICI fund has 26.3 per cent and the rest of the equity is widely held.

Indeed, GRA has been one of the most actively traded stocks handled off the market under Rule 183, with over 2m shares commonly changing hands in a week over recent years. They have traded over 15p this year and were quoted on Friday at about 15p.

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# Menzies spells out offer for Lonsdale

John Menzies, the Edinburgh-based stationery and newspaper distribution group, has written to shareholders of Lonsdale Universal, setting out the terms of its £25m bid for the office equipment stationery and printing concern.

Menzies claims that its offer, of 60p cash for each ordinary share of Lonsdale, represents 37 times fully-taxed earnings for the year to September 1981, a 27.9 per cent premium to net assets, and an increase of 42.5 per cent over the middle market valuation for the shares on the day before Menzies' bid on April 18.

Menzies disapproves of Lonsdale's current plan to sell off its library supplies division, believing that acceptance of its bid would enable the division to be retained. But if the offer was to succeed, Menzies would consider carefully the future of the engineering subsidiary, which lost money last year and might decide to dispose of it.

The last date for acceptance is May 17.

# Engineering inquiries boost Dunton

Pre-tax profits of £7,158 are reported by Dunton Group in its first interim period since joining the Unlisted Securities Market. Turnover of this civil engineer was £32,532 for the six months to the end of November 1981. There was no tax charge, but there was an extraordinary debit of £4,872. Stated earnings per share were 0.06p.

The board says that since November there has been a steady upturn in civil engineering inquiries which has resulted in a currently full order book for that part of the group.

Contracts to allow a specialist waste disposal company to tip at the site are expected to be signed shortly. Net income from this source is £10,000 in production not less than £250,000 over the next five years, part of which is expected to be included in the current year's profits.

# SKETCHLEY BID

Sketchley, the linen-hire and dry cleaning group, has extended yet again its £40.6m bid for the Chicago-based Skatex. The latest extension, until April 30, was announced on Friday in the U.S., and a similar announcement will be issued in London this morning.

# Tring Hall no longer advising ICT

Tring Hall Securities, the developing capital group and issuer of Tring Hall, has announced that it is no longer an associate of Redland purchased on behalf of discretionary clients of 25,000 London and Scottish Marine Oil ordinary at £3.26.

Ferrand — B. R. V. Z. De Ferrand, director, has disposed of 30,000 ordinary at 67p, leaving holding 3,085,894 units (7.23 per cent).

Buras-Anderson — F. S. Sallisbury, director, disposed of 100,000 ordinary.

London Investment Trust — Throgmorton Trust has acquired 2,655,000 (5.52 per cent) ordinary.

Minet Holdings — Mr J. W. Herbert, director, sold 26,494 ordinary on April 13.

British Printing & Commercial — Pergamon Press has

increased holding by 50,000 to 92,058,214 (77.251 per cent).

London and Strathelyde Trust — Imperial Life Assurance of Canada bought 275,000 ordinary, taking holding to 3,502,999 (25.02 per cent).

Berkeley Exploration & Production — ICA International disposed of 1.45m ordinary, which have been acquired by Elf (UK). Ian Colin Orr-Ewing disposed of 34,150 ordinary.

Schroders — C. B. Malinekrodt sold 45,000 shares at 430p. Securicor — Directors J. J. Delaney and E. A. Hollis disposed of 200,000 and 3,795 "A" ordinary respectively. Director P. A. C. Smith disposed of 100,000 "A" ordinary non-beneficial. Director V. S. Gregg disposed of 100,000 "A" ordinary non-beneficial. Director E. A. Hollis disposed of 33,573 non-beneficial ordinary and 16,786 "A" non-beneficial.

Attins Bros. (Hosiery) — Sir John nominees are no longer holders of 5 per cent or more of the ordinary capital.

FT Share Information  
The following securities have been added to the Share Information Service.

Fleet Holdings (Section: Newspapers), Gacite Oil (Oil and Gas), Bayters (Industrials), Lowe (Robert H.) (Textiles), York Mount (Property).

# RECENT ISSUES

Issue Price	Latest Return	1982	Stock	Offering Price	+ or -	
p	%	High	Low	p		
140	P.P. 14.6	148	140	AIM Group 10p	148	+1
142	P.P. 20.5	214	194	American Water	194	-18
15	P.P. 15.4	29	19	Cambrian & Gen. 7p	29	+10
1105	P.P. 109	109	109	Case Group 10p	109	0
80	P.P. 81	81	81	East Anglia Water	81	0
102	P.P. 135	132	120	Greenfriar Warren	120	-12
10	P.P. 10	27	27	Greenfriar Warren	27	0
1250	P.P. 14.5	250	945	Greenfriar Warren	945	+700
106	P.P. 5.5	93	89	Imm. Bus. 5p	89	-4
1190	P.P. 175	154	132	Imperial Drilling	132	-43
1130	P.P. 16.4	170	127	Imperial Drilling	127	-43
1	P.P. 1	30	30	Imperial Drilling	30	0
126	P.P. 13.5	141	130	Imperial Drilling	130	-11
77	P.P. 77	77	77	Imperial Drilling	77	0
77	P.P. 77	77	77	Imperial Drilling	77	0

# FIXED INTEREST STOCKS

Issue Price	Latest Return	1982	Stock	Offering Price	+ or -	
p	%	High	Low	p		
100	P.P. 14.4	110	110	Boddingtons Brew 9 1/2% Cnv. Ln. 2880.05	112	+2
100	P.P. 14.4	110	110	Boddingtons Brew 9 1/2% Cnv. Ln. 2880.05	112	+2
100	P.P. 14.4	110	110	Boddingtons Brew 9 1/2% Cnv. Ln. 2880.05	112	+2
100	P.P. 14.4	110	110	Boddingtons Brew 9 1/2% Cnv. Ln. 2880.05	112	+2
100	P.P. 14.4	110	110	Boddingtons Brew 9 1/2% Cnv. Ln. 2880.05	112	+2

# "RIGHTS" OFFERS

Issue Price	Latest Return	1982	Stock	Offering Price	+ or -	
p	%	High	Low	p		
10	Ni 27.4	99.5	91.5	1 1/2pm Ansbacher (H) 5p	14.5	+1.5
170	Ni 27.4	99.5	91.5	1 1/2pm Ansbacher (H) 5p	14.5	+1.5
195	P.P. 21.4	28.5	20.5	25pm Bank Leumi (UK) £1	20.5	-8
181	P.P. 16.3	18.4	10.5	10pm Bond Corp.	10.5	-7.9
30	P.P. 29.5	10.5	60	50 Cloyse Petroleum	10.5	-19
20	Ni 50.4	29.5	21.5	14pm Fisher (A)	10.5	-19
5	Ni 27.4	99.5	91.5	1 1/2pm Ansbacher (H) 5p	14.5	+1.5
180	Ni 27.4	99.5	91.5	1 1/2pm Ansbacher (H) 5p	14.5	+1.5
146	Ni 27.4	99.5	91.5	1 1/2pm Ansbacher (H) 5p	14.5	+1.5
18	P.P. 19.4	91.5	8m	5m North Kalgari	9.5	-1.9
97	Ni 29.4	27.5	11.5	1pm Queens Meat	11.5	+2.1
94	P.P. 15.4	6.5	10	90 Riley Lamure	10.5	+4.1
10	P.P. 24.3	25.4	12.5	10pm Stora 10p	12.5	+2.5
135	Ni 27.4	99.5	91.5	1 1/2pm Ansbacher (H) 5p	14.5	+1.5

Renunciation date usually last day for dealing free of stamp duty. A Figures based on prospectus estimate. B Dividend rate paid or payable on part of capital; cover based on dividend on full capital. C Annual dividend and yield. D Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. E Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. G Figures or report awaited. H Figures or report awaited. I Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. J Placing price. K Pence unless otherwise indicated. L Issued by way of tender. M Offered by way of ordinary shares as a "rights" issue. N Issued by way of capitalisation. O Reintroduced. P Issued in connection with reorganisation, merger or take-over. Q Introduction. R Issued to former preference holders. S Allotment letters (or fully-paid). T Provisional or partly-paid allotment letters. U With warrants. V Dealing under special rules. W Unlisted Securities. X Formerly dealt in under Rule 283(2)(a). Y Units comprising five ordinary and three Cap. shares. A Issued free as an entitlement to Ordinary holders.

# THE TRING HALL USM INDEX

LADBROKE INDEX  
Close 565-570 (unchanged)

close of business 23/4/82  
BASE DATE 10/11/80 100  
Tel: 01-638 1591

# Pending dividends

Date	Announcement	Date	Announcement
	last year		last year
*AE	May 27	Int. nil	International
Akroyd and Smithers	May 11	Int. 3.5	Palms
Allied	June 5	Final 3.0	Firth Brown
Breweries	June 5	Final 3.0	May 6
Allied Irish	May 27	Final 4.5	Glencourt
Assoc. Paper	May 12	Int. 0.5	Laing (John)
Inds.	May 12	Int. 0.5	Land Secs.
*ANZ Banking	May 13	Int. 14 cents	London and
Avon Rubber	June 3	Int. nil	Northern
*BAT Inds.	Apr 28	Int. 6.5	MEPC
BOC	May 26	Int. 2.31	Merley
*Bank of Ireland	May 13	Final 3.5	*Mark and Spencer
Bath and	June 6	Int. 2.0	Mawlem
*Blue Circle	Apr 28	Final 10.0	Northern
Boots	May 21	Final 4.625	Foods
*British Home	May 19	Final 2.75	Peaseon
*British Sugar	May 12	Int. 7.5	Longman
*Britton	May 5	Final 1.68	Peaseon (S)
Brown	May 22	Int. nil	*P & O
*BSP	May 7	Int. 1.35	Plossurama
Cap. and Counties	May 23	Final 2.4	Ranks Hovis
Carlisle Capital	June 2	Final 1.75	McDougal
Carfax	June 2	Final 2.5	*RIP
Castle	June 3	Final 2.8	Redfern Nat
Common	May 5	Int. 5.0	Glass
Courtauld	May 28	Final 1.0	Glass
*Odeon	May 21	Final 4.224	Glaxo
Oslo	June 2	Final 14.2	Hamlyn
*P&O	May 11	Final 3.45	Scottish
*P&O	May 28	Final 6.75	Sainsbury (J)
Reluelling	Apr 29	Final 1.6	Simon Eng.
French Kier	May 5	Final 2.3	*Smith (W. H.)
*Gerrard and	May 6	Final 9	Stakis
Grand	May 15	Final 3.175	*Tarmac
Metropolitan	May 15	Final 3.175	*Tate and Lyle
*H&A	May 5	Final 6.552	*Telephone
Harrisons and	June 2	Final 20.5	Rentals
Haath	May 19	Final 7.4	*Tozer Kemsley
Haworth (J.)	Int. 0.78	Final 1.7	Trafalgar
Hickson and	June 4	Int. 2.5	*Travis and
*Higgs	Apr 28	Final 4.9	Arnold
*Higgs	Apr 28	Final 4.9	UBM
*Higgs	Apr 28	Final	

**APPOINTMENTS**

**New chief at Ofrex group**

Mr F. A. P. Hall has been appointed chairman and chief executive of OFREX, a part of the Gallaher Group. Mr Hall also becomes chairman of Frank R. Ford, the Detroit based manufacturing subsidiary of Ofrex. An Ofrex Group board member, Mr Hall is also executive director of the Fordigraph Consolidated Pty (Australia) and president of Ofrex Group (Canada). Mr Hall was appointed managing director of Ofrex's overseas operations in 1980 and was subsequently appointed managing director of the UK company in 1975.

Mr Anthony Metherell has been appointed chairman of JAMES WALKER GOLDSMITH & SILVERSMITH. Due to ill health Mr Gerald Sanders has retired as chairman but remains a director.

Mr R. A. Brook has resigned as company secretary of BROOKE TOOL ENGINEERING (HOLDINGS) in order to devote more time to the group's machine tool division, where he has been appointed chief executive. Mr Brook will remain as group financial director.

Mr I. C. L. Spencer has been appointed company secretary.

Mr R. D. Gee has been appointed vice-chairman of the LONDON GOLD FUTURES MARKET. Mr Gee is also a member of the board of the London Metal Exchange.

Mr Stephen Mollaly has been appointed vice-chairman of the Confederation of British Industry's Education Foundation. He was executive chairman of Understanding British Industry (UBI). Mr Tony Fisher has been appointed chairman of the UBI policy committee.

REDIFFUSION CHANNEL ISLANDS has appointed Mr S. W. Wells, general manager to the board.

Mr Brian Roeder will become managing director of the FERRYMASTERS GROUP on May 1. Mr Joost van Schijndel has been appointed to the new position of general manager of Western Europe, based in Rotterdam, Holland, and remains a director of Ferrymasters Group.

**CONTRACTS**

**£20m work for Whittaker**

THE WHITTAKER Corporation has been awarded contracts worth \$85m (£20m) to equip six new hospitals in Saudi Arabia and the United Arab Emirates. The contracts will be carried out by Whittaker Medical International, a unit of Whittaker's International Life Sciences Group.

In the United Arab Emirates (UAE), the company will equip 140-bed hospitals in the communities of Khor Fakkan and Dibba under contract to Al Naboodah Lamin Company and Al Habtoor Engineering, respectively, both of Dubai, UAE.

In Saudi Arabia, it will equip 100-bed Ministry of Health hospitals in Tathleeth, Sarat Obeldah, and Al Mejaridah under contract to the French company, Copales, and a 50-bed Ministry of Health hospital in Shroours under contract to MTSO-SSB, a Saudi-Swiss construction firm.

The contracts cover the installation of all medical and non-medical equipment for the six hospitals, as well as furnishings for staff housing in Saudi Arabia, and provide maintenance services for one year following installation.

PYE TVT, the broadcast company of Philips, has sold a 10kW UHF television transmitter to the Italian independent broadcaster Canale Cinque (Channel Five), through Philips SpA, Divisione Telecomunicazioni, Milano. The new transmitter contract, valued at over £100,000, is the first Pye TVT has received from an independent Italian channel, and the first large transmitter to be purchased by Canale Cinque.

An order for an aluminium reservoir roof has been won by BACO CONTRACTS. Worth about £74,000, the roof structure will cover an existing clear water service reservoir at Blaeulda, near Denny in Strathclyde. The finished aluminium Baco frame column and beam grid structure will cover an area 61.8 by 30.5 metres. Mill finish Rigidal

aluminium cladding will be fixed to the roof and walls of the structure, which will contain all necessary access doors and weather-proofing details.

RENOLO POWER TRANSMISSION has won an export order worth £150,000 to date for the manufacture of conveyor chains, chain wheels, gears and package drives for the tar decanter conveyors on the coke-oven plant, part of an extension project at the Pohang Iron and Steel Works in South Korea. This part order, won in the face of fierce international competition, was received by Renold (Deutschland) GmbH at Dusseldorf from Dr C. Otto of Bochum, part of the Seitzgitter Group.

CHRELTONIAN, Hampton, Middlesex, has entered into a contract with Foster Wheeler Energy Corporation to supply the Plus Series project management control system which will be used by Foster Wheeler engineering centres and project offices worldwide. The contract, including long term support, is valued at over \$2m (£1.1m). The system, which has been in operation at Foster Wheeler's Memphis project (U.S.), has been modified by Foster Wheeler over the past two years to suit its operational needs. The suite of programs covers networking, resource scheduling, data management via a relational database, risk analysis, including (for offshore projects especially) a weather factoring element, and a graphics package to provide management with coloured graphs, bar charts, "S" curves, etc.

TALBOT INSULATIONS has won contracts worth over £100,000 for Rockwool cavity wall insulation work on old people's homes and associated buildings in South Beds and West Norfolk.

*This advertisement complies with the requirements of the Council of The Stock Exchange.*

U.S. \$75,000,000

**Southern California Edison Finance Company N.V.**

*(Incorporated with limited liability in the Netherlands Antilles)*

**15% Guaranteed Debentures Due 1989**

Unconditionally guaranteed as to payment of principal, premium, if any, and interest by



**Southern California Edison Company**

*(Incorporated in California)*

*The following have agreed to subscribe or procure subscribers for the Debentures:*

- Credit Suisse First Boston Limited
- Banque de Paris et des Pays-Bas
- Algemene Bank Nederland N.V.
- County Bank Limited
- Creditanstalt-Bankverein
- Crédit Lyonnais
- Dresdner Bank Aktiengesellschaft
- Kredietbank N.V.
- LTCB International Limited
- Société Générale de Banque S.A.
- Swiss Bank Corporation International Limited
- Union Bank of Switzerland (Securities) Limited
- S. G. Warburg & Co. Ltd.

The Debentures, issued at 100 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Debenture. Interest is payable annually in arrears on 1st May, the first payment being made on 1st May, 1983.

Full particulars of the Debentures are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 10th May, 1982 from the brokers to the issue:

Cazenove & Co.,  
12 Tokenhouse Yard,  
London EC2R 7AN  
26th April, 1982

U.S. \$30,000,000



**Grupo Industrial Saktillo S.A.**

Floating Rate Notes due 1988

In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 27th April 1982 to 27th October 1982 the Notes will carry an interest rate of 15% per annum. The relevant Interest Payment Date will be 27th October 1982 and the interest then payable against coupon No. 2 will be U.S.\$4,034.90 per U.S.\$50,000 Note and U.S.\$403.49 per U.S.\$5,000 Note.

23rd April, 1982  
By: Citicorp International Bank Limited  
Agent Bank

**£15,000,000**

London Certificate of Deposit Facility due March 1987  
callable at the Issuer's option in March 1986



**The Dai-ichi Kangyo Bank, Limited**

London Branch

**£7,500,000**

Negotiable Floating Rate Sterling  
Certificates of Deposit due March 1987

Lead Managed by

**Grindlay Brandts Limited**

Co-Managed by

**First Chicago Limited**

**£7,500,000**

Reissuable Short Term Sterling  
Certificate of Deposit Facility  
maturing in March 1987

Managed by

**Grindlay Brandts Limited**

The above facility was arranged  
in conjunction with  
**Butler Till Limited**

**HAWKER SIDDELEY GROUP**

**1981 RESULTS**

	1981 £m	1980 £m
Sales	1,395	1,205
Trading profit	127.5	110.8
Profit before tax	121.1	113.0
Profit after tax & minority interests	79.3	69.6
Earnings per ordinary share	40.1	35.2
Dividends per ordinary share		
First Interim	3.7p	3.0p
Recommended Final	5.6p	5.2p

The 1981 Report will be published in late May 1982, when copies will be available from the Secretary.

**HAWKER SIDDELEY GROUP PLC**  
18 St James's Square, London SW1Y 4LJ.

**MARTINI**

VERMOUTH  
VINO  
ROSSI

Fairy tales can come true.

There's a little magic in every glass of Martini Dry. In its clean, fresh taste. In its unique blend of the choicest wines and herbs. But, most magical of all it doesn't have to disappear at midnight.

**MARTINI**

Martini and M.F.S. are registered Trade Marks.

## ● ASSOCIATED HEAT SERVICES OFFER BY TENDER

## Finding the energy to succeed

BY CARLA RAPOPORT

A SECRETARY in fashionable orange trousers leads the way up four flights of stairs to a spacious, sunlit penthouse suite and from behind a cluttered desk springs Mr Alan Tweedale, managing director of Associated Heat Services.

Associated Heat Services, a brainchild of Sir Derek Ezra, Associated Heat spent its first 15 years of life in Hobart House, the NCB's London Headquarters. Just two months ago, the young company moved into a converted electrical sub-station in Wimbledon, put down its potted plants, and prepared for its Stock Exchange debut scheduled for early next month.

Mr Tweedale, a youthful 47, has been with the company nearly from the start, working his way up from a regional engineer.

"It seemed to us that companies were interested in making their products, like motor cars or tinned peas and beans, and not in managing their use of energy. The proper use of energy requires expertise," he says, "and that's what we are selling."

Throughout its history, AHS has concentrated on cutting energy costs for its clients, maintaining its client's heating equipment and providing a comprehensive heat service for customers. The company's service can include the design, installation, finance operation and maintenance of a heating system.

With a client list ranging from

the Salvation Army to Ferranti, the company's business has been well split between commercial and industrial customers, as well as local authorities around Britain.

In the early days, AHS hooked up a company's boiler to a telephone. If the boiler went on the blink, the phone called AHS headquarters with a recorded message. Today, of course, the whole business is computerised, microchipped and full of print-out.

The 1970s push for energy conservation gave a welcome boost to AHS's fortunes. In 1970, the company was in loss with sales of only £710,000, but 10 years later sales had reached £28.6m while pre-tax profits hit £2.4m. Results last year showed profits slightly up while sales have topped £31m. Market capitalisation of the company is expected to be around £12m.

"The only thing holding us back right now is the recession," says Mr Tweedale. He says that the issue of new shares when the company goes public will allow AHS to advance to the next stage of development.

"We are looking at ways of combining heat and power," he said. For example, a typical EGB electrical plant generates electricity with a conversion efficiency of about 34 per cent. This ratio is depressed, he says, by the amount of heat lost to the atmosphere through cooling towers. AHS hopes to build

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are intended or final and the subdivisions shown below are based mainly on last year's notices.

## TODAY:

Finals—Brook Street Bureau of Mayfair, Clement Clerks, Clarke Nicholls and Coombs, Clava Discount, John Crowther, I. and J. Hyman, Simon Engineering, H. C. Slingsby, Traves and Anclid, Vanbrugh Currency Fund, Viking Resources Trust.

## FUTURE DATES

Interim—S. Lykes.  
Finals—Baylor (Ben) Construction, April 29  
Board, & Southern Steels, Tel. April 27

Finals—  
Amports Investment Trust, May 19  
Cels Group, April 29  
Lika View Investment Trust, April 27

Finals—  
MacLellan (P. & W.), April 30  
More O'Ferrall, May 11  
Small (John C.) and Tidman, April 27

Finals—  
Stanley (A. G.), May 4  
TR North America Invest. Tot., May 5  
Yule Catto, April 28

Amended

electricity plants which will harness this heat, thereby improving the conversion efficiency to 70 per cent.

Despite its link to NCB, which owns a third of AHS's equity, the company claims to have no in-bred bias on the sort of fuel it recommends to clients. "It's true that outside the

home counties, coal is cheaper to use than oil or gas, but this does not stop us from assessing each situation separately," maintains Mr Tweedale.

Last year, for example, nearly half the company's revenue derived from fuel contracts came from those using coal, with oil and gas the remainder. AHS also says it does not buy its coal exclusively from the NCB.

The company is not averse to less traditional methods of heating. Domestic waste — 160,000 tonnes of the stuff — heats whole rows of homes, offices and hotels in Nottingham under an AHS system. At Thorn-EMI, the AHS-designed boiler has cut costs by 20 per cent, aided by its capacity to chew up paper cardboard employees have tossed out.

Sir Derek's brainchild was started up with equal participation between NCB, Compagnie Generale de Chauffage, a French company also engaged in heat services, and a group called Solar Induction. Solar's stake was later sold to subsidiaries of Ocean Transport and Trading. It is Ocean's stake, plus some new shares, that will be offered to the public prior to the full stock exchange listing.

The merchant bankers have decided to float the company by an offer for sale by tender. Although the NCB is not expected to reduce its holding, the new issue will dilute its stake, as well as that held by the French group.

## Export boost for Laird Grp.

THE UK subsidiaries of the Laird Group have continued to make substantial progress in export sales and in the past four months new contracts have been won worth over £90m, says Sir Ian Morrow, the chairman, in his annual statement.

These include new orders for conveyor systems, together with further requirements for trains for both the Hong Kong Mass Transit Railway system and the Kowloon Canton Railway. These successes have been both valuable and necessary since in other areas of the group's activities orders have fallen back, he states.

This is particularly so with aero-engine components where work for Rolls-Royce has decreased, and for buses, where demand slackened towards the year end. Moreover, despite the new orders for trains, production capacity in trains will be largely unutilised by the end of 1983. Efforts to obtain fresh business are being maintained.

Fresh initiatives have been taken to prepare the ground for further internal growth in the group's business. In particular, despite the current cyclical downturn, production capacity for welding equipment has been substantially increased with the addition of a new assembly facility for major automotive Hines and a £1.5m order has already been taken.

In motor components capacity has been further expanded in the UK and in France and

Germany, and plans are already in hand to provide additional capacity in the current year for the manufacture of conveyor belt.

In the U.S. the plastics distribution network has been enlarged and further steps have been taken to expand the range and market presence of the group in cutting tools and in weather stripping, although trading conditions there remained difficult.

New product development has also continued. New car body seats have been developed for major customers in Western Europe. Welding robots have been developed and successfully sold and a far-ranging product development plan has been put in hand for buses.

As reported April 5, group pre-tax profits for 1981 rose from £13.8m to £18.8m on turnover of £272.2m (£194.0m). Earnings per stock unit improved by 0.6p to 15p, while a final dividend of 2p net makes a total payout of 4p (3.7p).

As at December 27 1981, group ordinary stockholders' funds were ahead at £32.5m (£33.52m), while net current assets showed a rise from £12.01m to £28.42m, including bank and short-term deposits of £16.54m (£15.58m).

The notes on the accounts show that the emoluments of the highest paid UK director increased from £51,000 to £72,000.

Meeting, Brown's Hotel, Dover St, W. June 7, at noon.

April 26, 1982  
**Oesterreichische Kontrollbank**  
**Aktiengesellschaft**  
**US\$100,000,000**  
Guaranteed Floating Rate Deposit Notes 1987  
USS60,000,000 of which have been issued as the Initial Tranche  
Guaranteed by the  
**Republic of Austria**

Notice is hereby given pursuant to condition 4(d) of the Terms and Conditions of the Notes that, until further notice, any Noteholder wishing to exercise his or its option under condition 4(d) to require the issuer to purchase or procure the purchase of his or its Notes on any Interest Payment Date may lodge the signed Notice to Purchase accompanied by the relevant Note(s) either directly with Orion Royal Bank Limited, the Principal Paying Agent, 1 London Wall, London EC2Y 5JX, Attention: Agency Department or via his or its account with Euro-Clear, Brussels or CEDEL, Luxembourg.

The form of the Notice to Purchase is set out in the Terms and Conditions of the Notes and copies may be obtained from the offices of Orion Royal Bank Limited, 1 London Wall, London EC2Y 5JX.

Principal Paying Agent  
**ORION ROYAL BANK LIMITED**

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange. It is not an invitation to any person to subscribe for or purchase any shares in the Company.

## The GRA Group plc

(Registered Number 226257 England)

## Share Capital

Authorised	(Ordinary Shares)	Issued and fully paid
£2,500,000	of 5p each	£2,142,626

Application has been made to the Council of The Stock Exchange for the issued ordinary shares of the Company to be re-admitted to the Official List. Dealings are expected to commence on 30th April, 1982. Particulars of the shares are available in the *Extel Statistical Service* and copies may be obtained during business hours on any weekday (Saturdays and public holidays excepted) up to and including 7th May, 1982 from:

Baring Brothers & Co., Limited  
8 Bishopsgate  
London  
EC2N 4AE

Rowe & Pitman  
City Gate House  
39/45 Finsbury Square  
London EC2A 1JA

US\$25,000,000 Guaranteed Floating Rate

Certificates of Deposit due 26th April, 1983

## Banco Internacional de Colombia (Nassau) Ltd.

(Incorporated in the Commonwealth of the Bahamas)

Unconditionally Guaranteed by

BANCO INTERNACIONAL DE COLOMBIA

(Incorporated in the Republic of Colombia)

In accordance with the terms and conditions of the above-mentioned Certificates of Deposit and the Fiscal Agency Agreement dated April 21st, 1980 among Banco Internacional de Colombia (Nassau) Ltd., Banco Internacional de Colombia, certain Financial Institutions named therein and Citibank, N.A. as Fiscal Agent, notice is hereby given that, for the 36 month interest period from 26th April, 1982 to 26th October, 1982, the Certificates will carry an interest rate of 15% p.a. The relevant Interest Payment Date will be 26th October, 1982, and the interest then payable per US\$500,000 nominal of the Certificates will be US\$39,395.83.

April 26th, 1982

By: Citibank, N.A., Fiscal Agent

CITIBANK

## Public Works Loan Board rates

Effective April 24

Years	Quota loans repaid			Non-quota loans A* repaid		
	by EIP†	As maturity§	by EIP†	As maturity§	As maturity§	
Up to 5	14½	14½	14½	15½	15½	
Over 5, up to 6	14½	14½	14½	15½	15½	
Over 6, up to 7	14½	14½	14½	15½	15½	
Over 7, up to 8	14½	14½	14½	15½	15½	
Over 8, up to 9	14½	14½	14½	15½	15½	
Over 9, up to 10	14½	14½	14½	15½	15½	
Over 10, up to 15	14½	14½	14½	15½	15½	
Over 15, up to 25	14½	14½	14½	15½	15½	
Over 25	14½	14½	14½	15½	15½	

\* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

## LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual Interest gross pay- interest	Life Minimum of sum	Year 5 4-8
Knowsley (051-648 6555)	13½	1-year	1,000 4-8

## M. J. H. Nightingale &amp; Co. Limited

27/28 Lovat Lane London EC3R 9EB Telephone 01-421 1212

£000's capitalisation	Company	Change Price on week div. (p)	Green Yield (%)	P/E	Fully Actualised
1,293	Ass. and Ind. CULS	130	+ 2	10.0	7.7
4,226	Airtramp	70	—	4.7	6.4 11.8 18.0
1,100	Armitage & Rhodes	44	—	4.2	8.8 3.7 8.5
12,220	Bardon Hill	200	+ 2	8.7	4.9 9.7 11.6
1,338	CCL 110p Conv. Pref.	107	+ 1	15.7	14.7
4,789	Doherty Services	62	+ 1	6.0	9.7 3.1 5.5
4,111	Frank Hovell	129	+ 3	6.4	5.0 11.8 22.8
10,979	Frederick Parker	76	+ 1	6.4	8.0 5.1 7.4
396	George Blair	54	—	—	—
3,889	Ind. Precision Castings	96	—	7.3	7.6 6.9 10.4
2,618	Isit Conv. Pref.	109	—	15.7	14.4
2,505	Jacken Group	99	+ 3	7.0	7.1 3.1 7.0
15,596	James Burrough	113	—	8.7	7.7 8.2 10.4
2,489	Robert Jenkino	344	+ 4	2.3	12.8 3.4 8.8
3,340	Stratons 'A'	54	—	5.3	8.2 9.8 8.1
3,881	Torday & Carlisle	169	—	10.7	8.7 5.1 9.6
2,685	Twinlock Ord.	131	—	—	—
2,194	Unilack 150c ULS	80	—	15.0	18.8
3,815	Unilack Holdings	85	+ 1	6.4	7.0 5.3 8.3
10,124	Walker Alexander	25	+ 1	3.0	12.0 4.5 7.8
5,391	W. S. Votaw	231	+ 1	14.5	6.3 8.0 12.1

Prices now available on Predeal page 48148.

## FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 30/4/82

Terms (years)	3	4	5	6	7	8	9	10
INTEREST	13½	13½	13½	13½	13½	13½	13½	13½

Deposits to and further information from The Treasury Finance for Industry plc, 91 Waterloo Rd., London SE1 8XP (01-928 7822, Ext. 367).

Cheques payable to "Bank of England, ac FFI" FFI is the holding company for ICFC and FCI.



## SUN ALLIANCE INSURANCE GROUP

## Comments by the Chairman - Lord Aldington

We have to report a large underwriting loss. Despite this our total profit before tax amounted to £70.9m compared with £69.3m in 1980 and, after tax and minority interests, net earnings were 84.8p per share compared with 83.6p per share in the previous year.

I referred last year to the deteriorating underwriting conditions in most parts of the world. Indeed, this deterioration has continued and in some places intensified. The buoyancy of investment income has been taken by some to be a proper compensation for underwriting losses. High interest rates consequent upon high and continuing inflation certainly go some way to meeting the higher cost of claims caused by the same inflation. But they do not go the whole way and in our opinion an insurance company like Sun Alliance & London must continue to set itself a target of an underwriting profit in normal times.

The truth is that it is not only the increased costs and prices consequent upon inflation or the reluctance of people to increase sums insured in line with inflation which have caused the underwriting losses. All over the world new risks are being underwritten at rates which allow nothing for the inevitable uncertainty of their eventual cost.

Furthermore, claims in many established classes of insurance are much higher than were expected and judicial awards of compensation for personal injury have grown enormously. In many countries the incidence of arson, criminal damage and burglary has increased greatly. In these circumstances it is madness for underwriters to compete with each other for business at inadequate rates of premium. Moreover, at times of recession as now, the amount of business on offer is not expanding and in some areas is decreasing. The excessive capacity in the market to which I have referred before presents responsible underwriters with a serious challenge; the maintenance of a share of the market cannot be secured without accepting too low rates of premium. But those who are seeking to increase their share of the market at such times by driving the rates of premium catastrophically downwards are, I believe, causing enormous damage to the market, the insuring public and, of course, themselves.

The continuing deterioration in the reinsurance market is a matter of great concern to the entire world-wide insurance community. Increasingly, the credibility of a growing part of the excessive reinsurance capacity is being questioned and there are serious doubts whether, in the event of a major catastrophe, some claims by ceding insurers upon reinsurers would be met.

## Operations

Against this background our own results, although disappointing to us, might have been worse.

Much of our international business was unprofitable with considerable underwriting losses in Canada and the U.S.A. and, for the second year, disastrous losses in Australia. Reinsurance business also deteriorated markedly.

Against this, our home business improved, helped by the mild winter of 1980/1981 and also by releases from outstanding loss reserves in the liability classes relating to earlier years. Just before Christmas, however, this improvement largely disappeared when severe winter weather cost us some £14m in the U.K. alone.

## Summary of Results

	1981	1980
	£m	£m
Premium Income		
General Insurance	703.6	599.2
Long-term Insurance	173.3	143.3
	<u>876.9</u>	<u>742.5</u>
General Insurance Underwriting Result	(36.8)	(18.4)
Long-term Insurance Profits	6.1	5.4
Investment Income	101.1	81.5
Other Income	0.5	0.8
Profit before Taxation	70.9	69.3
Taxation	28.7	27.8
Profit after Taxation	42.2	41.5
Minority Interests	0.4	0.3
Profit attributable to Shareholders	41.8	41.2
Dividend	21.2	16.3
Profit Retained	20.6	24.9
Earnings per Share	84.8p	83.6p
Dividend per Share	43.0p	33.0p

The Annual General Meeting of Sun Alliance and London Insurance plc will be held on 26th May, 1982 at the Head Office, Bartholomew Lane, London EC2N 2AB.

INTERNATIONAL CAPITAL MARKETS

CREDITS

Final mandate soon for Indian steel plant loan

THE LONG-AWAITED loan for India's Orissa state steel plant project was taking final shape last week amid hopes that a final mandate could be granted shortly to the group of banks who have now been discussing the project for months.

Co-ordinators of the credit are Lazard Brothers, Paribas, Commercantbank and the State Bank of India, who are expected to be joined by 11 other lead managers.

While the final amount of the credit was still being left open at between \$750m and \$1bn, the margins being indicated in the market underscored the continuing demand for Indian assets as the country emerges as a major borrower on commercial markets.

Expected is a margin of 1 per cent over London Eurodollar rates for the first seven years rising to 1 per cent for the remaining three.

These terms are not quite as fine as some that were openly canvassed in the past but they still compare very well with those available to leading industrial country borrowers such as France, which was also back last week with another deal larded with innovations that obscure the true market assessment of its credit rating.

Gaz de France is raising \$100m through an ingenious facility mandated solely to Bank of America International. It gives the borrower complete choice in raising the money through three different instruments.

The first is a 2½-year U.S. bankers acceptance facility, the second a 2½-year sterling acceptance facility, and the third a conventional Eurodollar revolving credit with a margin of 1 per cent for five years and a commitment fee of 1 per cent.

The dollar acceptance facility is priced at 1 per cent over the discount rate for acceptances in New York and the sterling element carries a commission of ½. Taken together the three alternatives give the borrower a unique opportunity of managing his debt to obtain the best possible interest rate available at any one time.

In a normal week deals such as this would dominate conversation in the syndicated credit market, but last week they were overshadowed by growing dependency over developments in

Argentina with banks becoming more nervous by the minute as the British task force sussed out.

For the time being one particularly worrying aspect for British banks is that they have no information about the escrow account Argentina says it has

meets that arise in such a circumstance, but at least five loans now face this problem and it has added to the confusion in the marketplace.

Elsewhere Lloyds Bank International has almost completed arrangements for a rare

set up to hold payments due to them that have been blocked under the assets freeze.

Escrow accounts cannot normally be set up without mutual agreement between the parties concerned. British bankers in London maintain that there have been no proposals for an escrow account and no agreement on interest payable on funds deposited or on the conditions under which the funds would eventually be released.

One bank reports that money due to it simply disappeared into a routine transaction account of the Argentine central bank and says it cannot obtain confirmation from the central bank that it actually holds the money.

As a result British banks owed money by Argentina have been quietly reminding other banks in their syndicates that the legal conditions of their loan compel them to share out any interest received with all banks in the syndicate on a pro-rata basis according to their original contributions.

There is, they say, no question of lodging a claim against the non-British banks in the syndicate; it is more a matter of exercising the legal require-

ments that arise in such a circumstance, but at least five loans now face this problem and it has added to the confusion in the marketplace.

ECU 50m club deal for the Italian telecommunications agency, Stet. The deal bears a margin of 1 per cent over the ECU deposit rate for four years rising to 1 per cent for the final year.

INTERNATIONAL BONDS

Strong nerved traders mark prices higher

THE EUROBOND market kept its nerve last week despite the surge in U.S. money supply announced ten days ago, and by Friday the action of traders in marking prices steadily higher seemed to have been vindicated by news of a further sharp fall in U.S. inflation.

The current inflation level of 8.3 per cent makes dollar interest rates look absurdly high. This may have been one reason why Eurodollar deposit rates edged lower last week with six months falling more than 1 point to 14 15/16, while fixed interest dollar bonds showed average gains of 1/2 point.

Yet the market was hardly reminiscent of the old days when a "window" would open to let in several hundred million dollars of new paper on a single day. There was a fairly brisk pace of new issue business, but it was not frenzied and on Friday no new fixed rate bonds were launched at all.

Hope of lower rates

One reason suggested in the market place was that borrowers are, where possible, holding back in the hope of still lower rates to come. Another factor was that the recent issue for Philips Petroleum was still dragging its feet somewhat, underlining the fact that its 14 per cent coupon still looks a

little tight to many investors. Over the week as a whole the bonds were reported to have advanced by around 1 point to 93 1/2, a slower gain than elsewhere in the market.

All the new fixed rate issues launched last week were at coupons of well above 14 per cent with the top place taken by General Motors Acceptance Corporation which offered \$100m of bonds at 13 per cent, a rate deemed necessary in the market because of its voracious appetite for funds and its association with the ailing U.S. car industry.

But all the new issues were also well received and two of them, the 14 1/2 per cent British Columbia Hydro and Union Carbide bonds, were increased by \$50m to \$200m and \$150m respectively.

The floating rate note market featured a subordinated \$250m issue for J. P. Morgan, the proceeds of which will be used to strengthen the capital base of Morgan Guaranty Trust. This is the third instance in two weeks of a U.S. bank using the bond market for this purpose although the issues for Chase Manhattan and Manufacturers Hanover were offered in the domestic market.

J. P. Morgan will issue sufficient equity to retire the issue and as a result it is being treated as primary capital

under the Federal Reserve Board rules.

Continental bond markets showed a similar trend to dollar Eurobonds. Six month D-Mark deposits fell 1/2 point to 8 1/2 per cent and Swiss franc rates by a similar amount to 5 1/2 per cent. Foreign bonds in these markets rose by 1/2 point and 1/2 point respectively.

German expectations

German bankers say they still expect interest rates to fall despite the Bundesbank's failure to come up to expectations with a cut in official interest rates last week.

Reflecting the continued interest of French borrowers in tapping the bond markets, Credit Foncier de France floated its first ever D-Mark issue last week with a coupon of 8 1/2 per cent, slightly above the recent low struck by Canada with its 8 1/2 per cent issue.

Prices on the Japanese domestic bond market were barely changed over the week as a whole, although a slightly stronger tone prevailed at the end of the week because of the stronger yen. In the Samurai bond market dealers reported some interest in shorter dated issues but the tone of the Euroyen market was mixed.

Hardly an important consideration one might say—after all it is the money that counts not the paper it is printed on. But for the army of backroom staff who have to handle the bonds physically the situation is painful to say the least.

Now many hope that all this will change with proposals finally announced last week by the Association of International Bond Dealers (AIBD) for a standard, machine readable Eurobond printed on standard

AIBD PROPOSALS

The shape of bonds to come

ONE OF the great attractions of the Eurobond market has always been its freedom from bureaucratic regulation. This, participants argue, enables bonds to be put together quickly, encourages innovative thinking, and gives the market a peculiar vitality all of its own.

Paradoxically, however, this very freedom from regulation also has its drawbacks, and one of them is very basic although it passes little noticed by commentators and even traders who deal in millions of dollars worth of paper a day.

The truth of the matter is that bonds come in all sorts of shapes and sizes as well as colours. The same applies to coupon which are cut off by investors and presented to validate claims for interest.

Backroom army

Hardly an important consideration one might say—after all it is the money that counts not the paper it is printed on. But for the army of backroom staff who have to handle the bonds physically the situation is painful to say the least.

Now many hope that all this will change with proposals finally announced last week by the Association of International Bond Dealers (AIBD) for a standard, machine readable Eurobond printed on standard

weight paper with coupons attached in a uniform, easily clippable way.

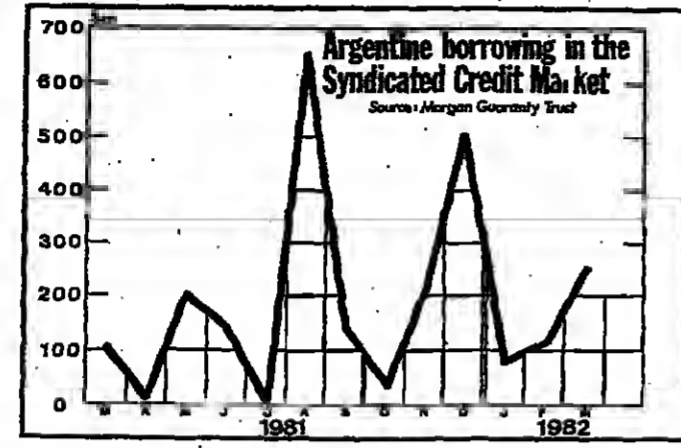
Efforts to standardise bond formats go back as far as 1979 and they have involved a mammoth task of consultation with the market, with printing firms, stock exchanges and with the lawyers who write the text of bond conditions that go on the back.

Small legal print

Not that the final result will bring total relief to back room staff. The small legal print on the back of the new bonds is very small indeed, and one of the AIBD bond harmonisation committee members, Mr K. Meuche of the Union Bank of Switzerland, implores lawyers to rationalise the length of their text "as not all backroom staff have the eyesight of a 20 year old."

A further point that was made clear at a presentation of the new format last week was that its introduction is a voluntary matter, but says Mr Rupert Hambro, the AIBD Chairman, "I can only sincerely wish that members will avail themselves of the considerable technical expertise which has gone into defining and agreeing (the new format)."

Hardly an important consideration one might say—after all it is the money that counts not the paper it is printed on. But for the army of backroom staff who have to handle the bonds physically the situation is painful to say the least.



Argentine borrowing in the Syndicated Credit Market. Source: Morgan Guaranty Trust.

Peter Montagnon

CURRENT INTERNATIONAL BOND ISSUES

Table with columns: Borrowers, Amount m., Maturity, Av. life years, Coupon %, Price, Lead manager, Offer yield %. It lists various international bond issues including U.S. Dollars, D-Marks, Swiss Francs, Dutch Guilders, Canadian Dollars, and Yen.

\* Not yet priced. † Final terms. ‡ Floating rate note. § Minimum. ¶ Convertible. \*\* Placement. †† With warrants. Note: Yields are calculated on AIBD basis.

NATOMAS \$50,000,000 Natomas Overseas Finance N.V. 15% Notes due April 22, 1985 with Warrants to purchase \$100,000,000 15 1/2% Debentures due April 22, 1989 The Notes and Debentures are unconditionally guaranteed by Natomas Company. Lists various banks and financial institutions.

U.S. \$30,000,000 Kajima Corporation (Kajima Kensetsu Kabushiki Kaisha) 5 1/2% Convertible Debentures Due 1997. Lists various banks and financial institutions.

U.S. BONDS

Crisis on money supply again a non-event

EVERY TIME a money supply crisis hits Wall Street, people decry the futility of trying to predict the changes in M1—and of paying too much heed to one week's set of figures. The refrain is likely to be taken up again this week after the latest crisis, which turns out to have been a non-event. The much-predicted seasonal bulge materialised, but it was more like a ship that passes in the night than a deadly iceberg. The sharp \$7.1bn jump 10 days ago now adjusted up to \$7.9bn—caused barely a ripple in the markets, so fully had it been discounted in advance. And last Friday, Wall Street was banded the pleasant surprise of a \$1.9bn fall, the exact opposite of what it had been expecting. The happy outcome should set a fairly bullish tone for trading this week, though there are still formidable obstacles in view. Despite much coming and going in Washington, no final solution has yet been found to the crisis over the Reagan budget deficits. But even if the politicians do manage to hammer together a compromise to raise taxation and cut spending, no one is predicting celebratory fireworks on Wall Street. Nothing Washington can do will ease the immediate burden of Treasury borrowing, which is set to hit record levels later this year. The crucial question is what it could do for next year. A sharp reminder of the Government's needs will come on Wednesday with the announcement of details of this quarter's treasury refunding, which will be held in the first week of May. The refunding is complicated by the fact that the Treasury has exhausted its authority to sell long term

Table with 2 columns: U.S. INTEREST RATES (%) and values for Fed funds weekly av., 3-month Treasury bills, etc.

These uncertainties are prompting would-be borrowers to hold off a while longer. According to Salomon Brothers, monthly bond volume in the corporate market has averaged only \$1.6bn so far this year, slightly more than half last year's level when interest rates were, on the whole, higher. Among the issues sold this week was Manufacturers Hanover's \$100m of 10-year notes convertible into equity securities to maturity. The first of three such financings by large banks, it sold very well. On Friday, Morgan Guaranty issued a modified version of the Euro-markets, and this week Chase Manhattan will sell \$150m of notes on the U.S. markets, along with \$175m of zero coupon notes. Although the details vary, all three issues are designed to raise additional equity in the long run by initially luring investors with high yielding convertible debt securities.

David Lascelles

Refinery problems still hitting profits at Elf

BY TERRY DODSWORTH IN PARIS

ELF AQUITAINE, the French oil group, suffered a 29 per cent fall in consolidated net profits last year although turnover rose by 35 per cent from FF7 77bn to FF7 104bn (\$16.8bn). The profits figure, of FF 4.5bn, against FF 6.3bn in 1980, is nevertheless better than the estimate of FF 3.5bn given by the company in early January. Elf puts the main blame for the downturn on continuing problems in its refinery and distribution division, where losses shot up from FF 605m in 1980 to FF 3.6bn. Problems in this sector of the oil industry have led to a running battle with the authorities over the last few years, but new Govern-

ment measures to pin French prices to world market levels are expected to help the oil companies to put their refinery businesses back on to a sound financial footing. The company also continued last year with its heavy investment programme, although cash flow only increased to FF 14.9bn from FF 13.9bn. Expenditure rose to FF 31bn from FF 11.7bn, mainly due to the acquisition of Texasgulf in the U.S., which cost FF 13bn, but also to increase investment in exploration and development—up from FF 7.4bn to FF 11.9bn—refinery and distribution—up to FF 2.6bn against FF 1.6bn—and other activities—up from FF 2.7bn to FF 3.3bn.

Poor start at Safeway Stores

BY OUR FINANCIAL STAFF

THE LARGEST supermarket chain in the U.S., Californian-based Safeway Stores, has reported a disappointing start to 1982, a year for which a modest recovery has been predicted following a significant setback in the previous year. Net earnings for the opening quarter have fallen from \$19.3m to \$16m or 61 cents a share despite a rise in sales from \$3.59bn to \$3.98bn. The current earnings total includes a \$1.2m loss from reduction of the equity in a Mexican joint venture. Net for 1981 was, however, cut by \$1.3m under an accounting change. For the whole of fiscal 1981, Safeway, which now takes more

than half its earnings from outside the U.S., turned in profits of \$119m against \$143m. With nearly 2,000 stores in the U.S., the bulk of them west of the Mississippi river, Safeway operates the largest chain in the U.S. However, there are also 283 stores in Canada, 90 in the UK, 72 in Australia and 25 in West Germany.

Changes at Dow Chemical

The DOW CHEMICAL COMPANY is to elect Mr Robert W. Lundeen as its chairman at the July meeting, when Mr Earle E. Baross reaches the mandatory retirement age of 65. Mr David L. Rooke and Mr Robert M. Kell have been named executive vice-presidents and Mr Hunter W. Henry has been appointed president of the U.S. operations. Mr Lundeen has been executive vice-president since 1973, and has been a member of the board since 1973. Mr Rooke is president of Dow Chemical U.S. and Mr Robert Kell is financial vice-president. Mr Kell will continue as principal financial officer, and as executive vice-president, and will also be responsible for maintaining offices in New York and finance at Dow Chemical U.S. and for the planning and capital

functions. Mr Rooke, as executive vice-president, will have responsibility for Dow's operations in Europe and Canada, and for manufacturing, engineering, safety and the technology centres. In addition to his duties as chairman Mr Lundeen will have responsibility for the Pacific, Latin American, and Brazilian areas. Mr Hunter Henry, president of Dow Brazil, will succeed Mr Rooke as president of the U.S. area of operations. Mr Henry will relocate to Midland. Mr Peter Bowring will be proposed for election as vice-chairman of MARSH & McLENNAN COMPANIES, INC., at a meeting on May 19. Mr Bowring has been serving as chairman of C. T. Bowring & Co., Marsh & McLennan's London-based subsidiary, consequently C. T. Bowring & Co. has elected Mr Gilbert A. Cooke to serve as chairman and Mr Ivor R. Binney as deputy chairman. Mr Bowring, who will maintain offices in New York and London, will continue to serve as chairman of the international

INTERNATIONAL APPOINTMENTS

committee of Marsh & McLennan, Inc., which co-ordinates the company's retail insurance brokerage operations throughout the world and will remain chairman of Bowring UK. Mr Bowring, Mr Cooke and Mr Binney have been directors of Marsh & McLennan Companies Inc since its merger with Bowring in July, 1980. Mr Cooke will continue in his role as Bowring's chief executive. He has been managing director of the Bowring Group since 1976. Mr Binney has been serving as chairman of both C. T. Bowring & Co (Insurance) and C. T. Bowring Reinsurance, the company's principal subsidiaries engaged in Lloyd's and other international markets. Mr Martin D. Payson has been elected executive vice president and general counsel of WARNER COMMUNICATIONS INC. Mr Payson was senior vice president and general counsel of RAISER STEEL CORPORATION, an arm of the Richard N. Gary, as executive vice president. Mr Gary will be responsible for financial, planning, legal, public affairs and industrial relations functions. He has been vice president, general counsel and secretary of the company since 1980. SPERRY CORPORATION has appointed Mr J. Peter Hynes as staff vice president for corporate relations—Europe. He will be based in Brussels, Belgium. Mr Hynes was the corporation's director of international communications in England. Mr Albert G. Luke Jr has joined PROCON INTERNATIONAL INC. of Des Plaines, Ill., as director of marketing—Far East. Mr Jacques J. Romatier has become a vice president. CLEARWATER SYSTEMS has appointed Mr Peter Dann regional director, sewage and water treatment for Saudi Arabia. He will be responsible for running the company's Riyadh office. Mr Anthony D. Giannascoll has been elected vice president/administrator of CHILTON COMPANY, Reading, PA. Mr Giannascoll will also be secretary to the Chilton board of operating managers. COLT INDUSTRIES has made the following changes: Named senior vice president—opera-



Mr Peter Bowring

BP Canada calls off East Coast drilling projects

BY ROBERT GIBBENS IN MONTREAL

BP CANADA has called off plans to commence drilling on several "very encouraging prospects" off Canada's East Coast this season because of the impact on cash flows of the National Energy Programme and the Federal Provincial pricing agreements, says Mr D. W. Handbridge, president. Like most other integrated companies in the oil and gas industry, BP's earnings were down nearly 50 per cent in the first quarter of this year. Debt is up considerably to finance higher-cost inventory of crude oil, while oil production in Western Canada will be lower this year because of reduced demand, and gas output will show only small increases, mainly because of limited export potential. While the recent reduction in royalties payments to Alberta will mean about C\$2m (\$283.3m) more in cash flow this year, the Federal Petroleum and Gas Revenue Tax will double to more than C\$26m from last year's C\$13m, and other special federal taxes will cost another C\$7m. BP Canada and others in the industry say that their cash flows are being so tightly squeezed that investments aimed at promoting Canadian self-sufficiency in oil cannot be made. A Federal Government commitment to lower its tax take from the industry "is long overdue." Shell Canada earned C\$4m (US\$19.6m) in the first quarter of this year, or 17 cents a share, against C\$38m or 84 cents on this revenue of C\$1.2bn compared with C\$1.1bn. Most of the major oil companies have been warning that earnings for the full year will be lower than in 1981, that gas flows are under severe pressure, debt is rising and that the sole positive factor is a slight firming of petrol prices. Shell has also delayed its plans for major drilling operations off the East Coast. Companies with petrochemical projects are slowing down investment or cancelling projects, planned sometimes in partnership with Canadian-owned firms such as Nuva. Some companies are endeavouring to maintain capital expenditure and development spending at last year's levels, but others are falling well behind.

FT INTERNATIONAL BOND SERVICE

Large table with multiple columns: U.S. DOLLAR STRAIGHTS, YEN STRAIGHTS, OTHER STRAIGHTS, EUROBOOND TURNOVER, DEUTSCHE MARK STRAIGHTS, CONVERTIBLE BONDS, SWISS FRANC STRAIGHTS. Includes interest rates, yields, and company names.

SAVA - Alluminio Veneto S.p.A. US \$ 25,000,000 Medium-Term Loan. Managed by Crédit Commercial de France • AFIN S.p.A. Agent: Crédit Commercial de France. Includes logo and contact information.

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# FINANCIAL TIMES SURVEY

Monday April 26, 1982

## Pennsylvania

Pennsylvania is the U.S. heartland of the coal and steel industries, now in trouble. The switch to a diversified economy is not being achieved without some pain but the state is managing to lure foreign investors, with Volkswagen the biggest prize so far, and is creating jobs through encouraging small businesses

Rays of sunshine lighten hard times

BY CLAY HARRIS

PENNSYLVANIA WAS the birthplace of American independence, the self-proclaimed "keystone" of the young republic because of its crucial position between northern and southern states and because it became the crucible of the nation's first industrial revolution built on coal, steel and the railways.

The fourth largest state in terms of population and industrial production, Pennsylvania, despite slower than average growth for many years, is now engaged in a major effort to build a diversified economy on a shrinking foundation of heavy industry.

These are hard times for Pennsylvania. Its steel mills are operating at less than 60 per cent of capacity because of recession and a flood of imports. Coal output, despite a recent upturn, has fallen by more than half since World War II. Manufacturing industry has declined as part of the wider shift to factories in the sunbelt and overseas. Unemployment, in excess of 10 per cent is

more than one percentage point higher than the national figure. Harrisburg, the state capital, is an international synonym for the dark side of nuclear power; the future of Three Mile Island—and new nuclear facilities in the state—will be under a cloud for some time to come.

There are rays of sunshine in sober Philadelphia and dynamic Pittsburgh which have lively city centres supported by the stability of old-established neighbourhoods and the vitality of other districts renewed by gentrification.

Philadelphia, the fourth largest U.S. city is a leading financial and commercial centre even though it lost 43 per cent of its manufacturing jobs between 1970 and 1980. It now looks to successful drug and chemical companies like Smith-Kline Beckman and Rohm and Haas and to a new generation of advanced technology enterprises to lead the way to growth and increased employment. A hotel boom—four projects totalling \$180m are underway—will assist its efforts to become a major convention centre.

Pittsburgh engineered a sharp post-war renaissance which blew away the smog and grime of one of America's dirtiest cities and erected gleaming towers of the steel and glass and aluminium which its skilled workers for decades had forged and smelted for the world.

Already the third leading corporate headquarters city in the U.S.—home to U.S. Steel, Gulf Oil, Westinghouse, Rockwell, Alcoa, Jones and Laughlin Steel, National Steel, PPG Industries and H. J. Heinz among others—the city and its business leaders have proclaimed a \$4.5bn "renaissance

II" which has again turned downtown Pittsburgh into a bustling site. Pennsylvania's state government pins its hopes for economic revival on a conservative fiscal policy and the flexibility and job-creation potential of small business to smooth the way through what all accept will be a painful transition. The Republican Administration of Governor Dick Thornburgh has balanced the state budget for four years running without increasing taxes.

A major campaign has been mounted to attract investment from overseas and neighbouring states. The state's biggest single coup in this regard—Volkswagen's decision in the late 1970s to locate its first U.S. car assembly plant in south-west Pennsylvania—is no longer seen as the model for a future based on numerous smaller investments by smaller companies less vulnerable to recession.

### Three big ports

Pennsylvania hopes to build on the physical and social infrastructure of its mature economy. Slotting in between the north-east, mid-west and south-east, it is a key distribution centre for the country's largest concentration of population and industry. Three major ports, Philadelphia, Pittsburgh and Erie, give access to the three great waterborne transport systems of eastern North America: the Atlantic Ocean, the Ohio and Mississippi rivers leading to the Gulf of Mexico and the Great Lakes and St Lawrence Seaway. The bulk of the state's rail system was rescued in the 1970s by Conrail, the federal

corporation which has emerged into operating profit after making great strides towards modernising tracks and rolling stock and chipping away at the overmanning and restrictive working practices it inherited from its bankrupt predecessors. A large trucking industry benefits from one of the most extensive long-distance motorway systems in the country. Improvements to transport underpin increasing exploitation of the state's greatest natural resource, coal reserves of 30bn tons. Projects underway will soon lift the port of Philadelphia's annual coal handling capacity to 15m tons from barely more than 3m tons at present.

Education and health services serve as magnets for high technology enterprises and the people who work for them. The state has more than 200 institutions of higher learning. The Thornburgh Administration aims to encourage co-operation between universities and industry to establish a network of advanced technology centres across the state based on existing academic strengths: robotics in Pittsburgh capitalising on Carnegie-Mellon's pioneering institute, medical research and health care in Philadelphia focusing on the city's six teaching hospitals, and genetic engineering and biotechnology at Penn State University.

Pennsylvania reflects the diverse character of the three American regions of which it forms the linch-pin. South-east Pennsylvania, centred on Philadelphia, share a colonial heritage and social and educational traditions with the north-east states. Outside Philadelphia and its suburbs, on rich agricultural land and in cities like

York and Lancaster, the population is stable and relatively unchanged in composition for 200 years—the descendants of British and German (Pennsylvania Dutch) immigrants. The Lehigh Valley, home of Bethlehem Steel, Air Products and Mack Trucks, is beginning to benefit from an influx of white collar jobs based on its proximity to New York.

### Coal and steel

America's industrial mid-west begins in Western Pennsylvania. Through ties stretching back to the westward migration in the early 19th century, Pittsburgh looks much more towards Cleveland, Detroit and Cincinnati than it does toward the east coast. This is the heartland of coal and steel—America's Ruhr.

Appalachia intrudes into Pennsylvania in the centre and north-east of the state, the largest, least prosperous and most sparsely populated region. In pockets of sifting industry like Johnstown and Altoona unemployment is 15 per cent or more. Scranton, Wilkes-Barre and a host of smaller towns are still struggling to adapt to the post-war decline in north-east Pennsylvania's anthracite mining.

A rise in orders for the high-quality hard coal in the wake of oil price rises by the Organisation of Petroleum Exporting Countries (Opec), has reawakened hopes, but towns like Shamokin, overshadowed by peaks of spoil from long-abandoned mines, have seen few signs of new investment.

Governor Thornburgh, an attorney, is seeking a second four-year term in November against Congressman Allen Ertel, a moderate Democrat.



The election is expected to turn national economic issues, specifically Reaganomics, which Governor Thornburgh wholeheartedly embraces and indeed anticipated with many of his policies in Harrisburg.

Another Republican, Senator John Heinz, has been less effusive about the President's policies and is favoured to win another six-year term in Washington. In a state where Heinz means pickles rather than baked beans, the heir to the Pittsburgh-based food empire does not stint on campaign spending. His probable Democratic opponent, Dr Cyril Wecht, is a county commissioner and former county coroner in Pittsburgh.

Mr Reagan's 1980 margin of victory in Pennsylvania was 324,000 votes out of 4.65m cast, helping the Republicans to elect Mr Arlen Specter to the state's other U.S. Senate seat.

The state's legislative representation in Washington falls this year with the loss of two of its 25 Congressional seats because of population growth of only 0.6 per cent in the 1970s. The Democrats have already lost one Congressman since the 1980 election with the defection of Mr Eugene Atkinson, who represents a western district, to the Republicans last autumn.

Philadelphia, Pittsburgh and other major industrial cities are Democratic strongholds, but suburban and rural votes have tipped the balance to the Republicans in recent years. If the pattern continues in 1982, the party's search for future leadership may turn to one of the big city mayors, Mr Wil-

Ham Green in Philadelphia and Mr Richard Caliguiri in Pittsburgh. Democrats in an independent mould, both work closely with local business leaders. This has been the rule in Pittsburgh where both "renaissances" have been based on extensive public-private sector co-operation. Mr Green, on the other hand, was elected in 1980 to succeed Mr Frank Rizzo, a former police commissioner who stoked racial tension in his eight years as mayor with a rough-and-ready law and order stance.

Controlling costs and maintaining services in the face of federal aid cutbacks test both majors, but militant public employees unions reduce Mr Green's freedom of manoeuvre in Philadelphia. Earlier this month he proposed a \$1.3bn budget eschewing new taxes, layoffs and cuts in services, but this assumed no wage rises for employees and additional state aid, both factors outside his control.

In Pittsburgh, Mr Caliguiri expects a \$10m-\$20m deficit this year on a \$225m operating budget. He will seek state legislative approval for a 1 per cent wage tax on everyone working in Pittsburgh (against a 4.31 per cent levy in Philadelphia) in an effort to raise revenue from commuters as well as city residents. "We are trying to provide services for the whole region without any help from the outside and that is going to have to change," Mr Caliguiri says.

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### BASIC STATISTICS

Population (1980)	11.87m
Per capita income (1980)	\$9,434
Largest cities:	
Philadelphia	1,650,000
Pittsburgh	423,938
Erie	119,123
Allentown	183,758
Capital:	Harrisburg
Net corporate income tax:	10.5%
Personal income tax:	2.2% (flat rate)
Sales tax:	6%

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Mr. Friedrich G. Mayer, Group Vice President, Provident National Bank  
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PENNSYLVANIA II

# Metallurgical sector and bituminous coal mines are affected Steel's troubles spread to other heavy industries

PENNSYLVANIA'S steel backbone is suffering from metal fatigue and buckling under the weight of recession and foreign imports. The state cannot re-design its economy on the model of Philadelphia's grand Victorian city hall, the tallest building in the U.S. unsupported by a steel skeleton, so a return to health will depend on abundant energy and efficient circulation.

"Pennsylvania will always be a steel state," says Governor Dick Thornburgh. "We are trying to be realistic about what the state of the steel industry will be in the world market."

The heart of the steel industry is the Ohio and Monongahela river valleys, with Pittsburgh at the hub. Three of America's five largest steel producers and many smaller ones are based in Pittsburgh; the number two U.S. group, Bethlehem Steel, has its headquarters in eastern Pennsylvania. The Pittsburgh area accounts for 22 to 25 per cent of U.S. steel output.

"If the industry is operating at 58 per cent of capacity, who wants to invest in new capacity?" says Mr. Ayoub. Mr. Justin Horan, president of the Pittsburgh Chamber of Commerce, takes a similar view of investment: "If it doesn't make economic sense, you know it won't be done."

At Wheeling-Pittsburgh, number eight in the steel league, management and union came up with a pact under which workers agreed to defer part of

increase employment in recent years, and it still draws related companies—such as equipment manufacturers—to the Pittsburgh area. Pennsylvania ranks fourth in U.S. coal output and touts its 30bn-ton reserves as a 200-year energy insurance policy even if the long-predicted boom remains just around the corner.

Coal illumines the end of more than one Pennsylvania tunnel. In the north-east, a proposed three-unit anthracite-fired power plant could raise production of the high-quality hard coal by as much as 4m tons a year. In the west, a planned coal-to-methanol plant near Johnstown would consume 13,000 tons a day of high-sulphur bituminous coal. Both regions dearly need the investment and the jobs.

**COAL OUTPUT**

	(m tonnes)	
	Bituminous Anthracite	Subbituminous
1950	103.44	46.34
1955	85.04	25.93
1960	66.0	17.72
1965	80.12	14.23
1970	80.09	9.25
1975	84.48	5.63
1976	85.75	5.29
1977	86.42	5.06
1978	86.34	5.04
1979	89.17	4.84
1980	87.07	5.99
1981	76.0	5.16

\* Preliminary figures  
Source: Pennsylvania Department of Environmental Resources

"It's still the largest single steel-producing area in the country but it is declining," says Mr. Edmund Ayoub, chief economist and assistant to the president of the United Steelworkers.

The state has lost 50,000 jobs in primary metals and 21,000 in fabricated metals since 1973, and the drain continues with new layoffs and mill shutdowns. In the Pittsburgh area alone, 22,000 steelworkers have been laid off since July 1979. Less than 60 per cent of steelmaking capacity is being used, now that demand from the oil exploration industry has collapsed in the midst of a continuing soft market for motor vehicles and construction.

As a result shutdown looms for open hearth operations at U.S. Steel's historic Homestead works near Pittsburgh. Colt Industries will close its Crucible specialty steel plant at Midland on the Ohio River unless a buyer is found by the end of the year.

National Steel, the fifth largest U.S. producer, is talking about selling its Weirton mill in nearby West Virginia to the plant's 11,000 employees. Meanwhile, the acquisition of Marathon Oil by the industry giant, U.S. Steel, has heightened concern that diversification will divert investment from the steel sector.

a contracted pay rise and existing fringe benefits in return for \$35m in 5 per cent preference shares in the company.

"This company is not running away from the steel industry, its employees or the communities in the Monongahela and Ohio river valleys," stressed union official Mr. Paul Rusen. "Our investigation shows that it is currently spending almost twice as much, proportionately, as the average American steel company on new tools and equipment for making steel." Eight leading U.S. producers—but not Wheeling-Pittsburgh—are trying to negotiate actual cuts in labour costs.

Primary metals now account directly for only 9 per cent of employment in south-west Pennsylvania, so the Pittsburgh area is less vulnerable to recession. "Historically, if the national economy caught cold, we'd catch pneumonia," says Mr. Jay Aldridge, executive director of Penn's Southwest Association, a development promotion group. "That's no longer the case."

Steel's troubles rub off on the metallurgical and other bituminous coal mines in the western part of the state, which are operating at only 60 to 65 per cent of capacity. Mining, however, has been one of the few non-service sectors to

increase employment in recent years, and it still draws related companies—such as equipment manufacturers—to the Pittsburgh area. Pennsylvania ranks fourth in U.S. coal output and touts its 30bn-ton reserves as a 200-year energy insurance policy even if the long-predicted boom remains just around the corner.

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Some 80 per cent of Pennsylvania's electric power is generated with coal, but nuclear energy has kept the state in international headlines. Cleanup is proceeding slowly at Three Mile Island, where the reactor core of one unit suffered a partial meltdown in March 1979, but bickering continues over the mounting bill.

Proposals for sharing the estimated \$1bn cost between General Public Utilities, the plant's owner, the U.S. electric industry, and the federal, Pennsylvania and New Jersey governments have made little progress towards implementation.

Major corporate headquarters such as U.S. Steel and Alcoa (Pittsburgh is the nation's third largest city judged by corporate HQs) are within easy reach of parks like Mellon Square in the downtown area

(Conventional energy sources also have their intractable problems. A fire has been burning for 20 years in an abandoned mine under the town of Centerville. Residents voted last year not to abandon the town even though many have devices in their homes to monitor fumes seeping from underground. A project to contain or extinguish the fire awaits agreement on funding.)

Philadelphia is second only to Houston as a U.S. petroleum refining centre. The modern oil industry was born in Pennsylvania when Edwin Drake drilled the first well at Titusville in the north-west in 1859. As late as 1900, the state accounted for 60 per cent of U.S. output. It still produces more oil—2.65m barrels in 1980—and natural gas than any other north-eastern state. Pennsylvania's high quality paraffin-based crude is relatively free of asphalt, sulphur and other impurities.

Exploitation of energy resources has added to the urgency of improving the state's transport system. Pennsylvania leads all states in drawdown of available federal highway funds. The Thornburgh administration has spent \$500m on highway maintenance in the last two years, much of it on improving roads from coal-mining regions.

Conrail, the federal corporation that operates 78 per cent of the state's rail mileage, has rehabilitated its tracks and rolling stock with coal transport in mind. It is tripling its coal-handling capacity in the port of Philadelphia with an expanded Pier 124 opening in



Proposals to project the state into the forefront of advanced technology include state aid amounting to \$1.5m.

# Hope for more Silicon Valleys

WHEN Benjamin Franklin flew a kite to test his theories about electricity, he was not using new technology but adapting old technology to a new purpose. In the belief that lightning will strike twice in the same place, Pennsylvania has put the name of its statesman-scientist on a plan to spark the development of advanced technology industries in the state.

Navy Yard has contributed \$1.5bn to the economy in two years with contracts to overhaul the aircraft carrier Saratoga and 15 other vessels, and Boeing Vertol's contract to modernise 436 CH-47 Chinook helicopters for the U.S. Army will be worth \$2.5bn over 12 years.

The state's two U.S. Senators are sponsoring federal procurement conferences for potential contractors in an effort to return more tax dollars to Pennsylvania.

Governor Dick Thornburgh is seeking legislative approval for the Benjamin Franklin Partnership which he says is designed to "project Pennsylvania into the forefront of advanced technology." The state would provide \$1.5m in seed money to be matched by an equal amount from private sources.

**Key role**

Manufacturing still plays a key role in Pennsylvania's economy despite the loss of more than 254,000 jobs since 1970. It accounts for about 27 per cent of non-agricultural employment against 33 per cent 12 years ago; comparable figures for the U.S. are 27 per cent and 21 per cent.

Mr. Geoffrey Stengel, Jr., Secretary of Commerce, says the money would "be given to consortiums of universities, private businesses and local community representatives for the development of a five-year advanced technology plan in their areas which could very well include the establishment of advanced technology centres similar to what you see in North Carolina—the Raleigh-Durham-Chapel Hill triangle—perhaps leading to a network of such centres each specialising in certain fields."

In 1981 the state ranked ninth in a national survey of new facilities and expansions by manufacturing companies employing 50 or more. This included 61 new manufacturing facilities worth at least \$10m, 84 expansions worth \$500,000 or more and 17 projects combining expansion and new facilities.

Pennsylvania retains a diversified manufacturing base in addition to its many steel groups with headquarters and operations in the state. Representative sectors include aerospace (Rockwell, Boeing Vertol); non-ferrous metals (Alcoa); diversified industrial groups (Westinghouse, PPG Industries, Air Products, Dravo, General Electric); drugs and chemicals (SmithKline Beckman, Rohm and Haas, Pennwalt, Arco Chemicals, Rohrer, Merck Sharp Dohme, Wyeth); oil (Gulf, Sun, Quaker State Refining); building materials (Certain-teed, Armstrong World Industries); containers (Crown Cork and Seal, Brockway Glass); food products (H. J. Heinz, Hershey Foods, Bluebird); paper (Scott Paper, Hammermill); clothing (VF) and mining equipment (Joy Manufacturing).

Philadelphia's University City Science Centre is an urban variant which holds out special hope for increasing entry-level employment. More than half of the 4,500 jobs in this R and D complex require no more than a high school education.

Governor Thornburgh does not object to a "fair user fee structure" although he views some of the proposals as discriminatory against Pennsylvania and the surrounding region.

A longer-term question mark over the Ports of Philadelphia is the Reagan Administration's plan to sell Conrail to the private sector by 1984 at the latest. The intention is to sell the system—which recorded its first operating profit of \$39m last year—as a going concern; if that proves impossible a piecemeal disposal is envisaged.

The latter could threaten the mainline between Philadelphia and Pittsburgh and divert mid-western traffic to other Atlantic ports. Governor Thornburgh is also sanguine about this: "If the main east-west lines across Pennsylvania didn't exist we'd have to invent them."

Philadelphia against 3 cents for New York and 2 cents for Baltimore.

The heavily silted Delaware River channel must be continuously dredged along its 130-mile length to maintain its authorised 40-foot depth. "That's going to kill us if it goes through," says Mr. Tom Dickson of the Philadelphia Port Corporation.

User fees are also a live issue in Pittsburgh, one of America's largest inland ports handling 72.5m tons in 1979. Officials there fear that President Reagan's intention to rely on a special fuel tax to fund all construction and maintenance of inland waterways will result in the extensive system falling into disrepair.

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Philadelphia's ports, stretching into three states along 135 miles of both banks of the Delaware River, have not yet recovered from their 1980 setback when total cargo tonnage fell to 67.56m short tons from 80.37m in 1979. Preliminary figures indicate no improvement last year.

The Committee of 70, a Philadelphia civic group, blames the ports' decline against Hampton Roads, Norfolk and Baltimore on lack of coordination among state, county and local agencies in Pennsylvania, New Jersey and Delaware.

The only hope left for the Ports of Philadelphia, the committee says, is the rapid implementation of a structure of port governance with sufficient power to marshal the available resources into a competitive unit of facilities and services capable of holding its own in the open market.

There are a few bright spots for the port—a 53 per cent rise in imports of cocoa bean products in the first nine months of last year for example—but new problems loom on the horizon. Port officials claim that a federal plan to shift the cost of channel maintenance to each port would add 40 cents a ton to shipping costs from

# Liberalisation of banking law may have come too late Banks nurse ambitions broader than regional identity

PENNSYLVANIA HAS lots of banks—some people say too many—but for a state its size with major cities like Pittsburgh and Philadelphia, it has surprisingly few banks in the big league. In fact there is only one: Mellon National in Pittsburgh with \$18.5bn in assets which makes it the 15th largest in the U.S.

The bulk of the state's best-known banks come some way behind clustered in the \$4-7bn range: names like Philadelphia National, Pittsburgh National, Girard and First Pennsylvania, the latter having cast something of a shadow over the state's banking industry when it came perilously close to collapse a couple of years ago. A government-backed \$1.5bn rescue operation kept First Pennsylvania alive and the bank is now struggling to get back on its feet.

Size and quality do not necessarily go hand in hand, of course, and the fact that Pennsylvania has a large number of medium-sized banks does not mean it is bereft of good banking services. But the ability to lend more than 10 per cent of particularly under U.S. banking law which says banks cannot lend more than 10 per cent of their money to any one customer.

Some people argue that the state has suffered from the shortage of really big banks. Philadelphia, one of the largest contributions in the U.S. is out-ranked in the banking league by places like Boston, Detroit and Minneapolis. But Pennsylvania can only blame itself if that is so. The state has some of the toughest banking laws in the north eastern U.S. and has been slowest to change them.

It was not until last month that the state enacted legislation to allow banks to expand either by acquisition or branching into counties beyond those that are immediately next door to their headquarters. But that law only got on to the statute books after long and bitter wrangling between those who feared that the big banks would only get bigger and trample the small ones and those who believed that the stunted banking industry was barring the state. The law only allows banks to

buying bricks and mortar branches which could soon be relics of a bygone banking age. But at least the road to state-wide banking is now clear.

The state's tough banking laws also applied to consumer lending: banks could not charge more than 12 per cent on many loans at a time when market rates were much higher. So, not surprisingly, many stopped making consumer loans and issuing credit cards rather than make a loss on them.

To escape these laws, several Pennsylvania banks are in the process of shifting their consumer lending business to neighbouring Delaware which has more liberal laws. This has angered the state government because it will reduce employment, mainly in and around Philadelphia, and the state treasurer has threatened to take business away from banks that move.

Although Pennsylvania's banks are strongly identified with

their regions, many nurse broader ambitions than that. Some, indeed, are sensitive to suggestions that they may be only a regional bank. While local deposits and lending account for a big chunk of their balance sheets, a number have offices outside the state and even abroad, and conduct business on a national and sometimes world-wide scale.

"We're not a regional bank, but we're not one of the big multinational banks either, and I'm not sure that we have ambitions to become one," said

reach the enormous market created by the Philadelphia-Camden-Wilmington conurbation. Although they have been able to place automatic tellers in all three states, New Jersey banks are regulations, prevent direct book-ups, so the networks have yet to be pulled into one.

By the same token, Pennsylvania banks face stiff competition from out-of-state banks and foreign banks. Few of the large U.S. banks actually have offices in Pennsylvania: they fly loan officers in from New York, Chicago and California. Chase Manhattan, with an eye on the day when inter-state banking becomes possible, has acquired an option to buy a stake in Equimark, a large Pittsburgh bank. Equimark was amenable to the deal. It lost over \$48m last year and was looking for a big injection of capital.

The foreign banks that have opened up there feel they have a special advantage: most of them have larger international networks than the Pennsylvania banks which gives them a good entry to the big multinational corporations based in the state, particularly in and around Pittsburgh.

At the same time, they are on the spot, which puts them ahead of the big U.S. New York banks who are not allowed to open branches in Pennsylvania. So far, two UK banks (Lloyds and Barclays), three Canadians (Imperial Bank, Royal Bank and Toronto Dominion), two Israeli banks (Hapoalim and Leumi) and Algemene Bank of Holland are there. The Israelis are in Philadelphia, the others in Pittsburgh.

The law allows them to conduct the full range of banking business on a par with local banks, provided their own countries reciprocate. But while these powers include high street banking, the foreigners have tended in practice to go for wholesale banking, such as corporate lending, trade finance and commercial banking services. Their marketing is aimed mainly at the Fortune 1,000 companies of whom there are a fair number in Pittsburgh and the surrounding region.

**MAJOR BANKS 1981**

	Total assets (\$bn)	Net income (\$bn)	Rank in U.S.
Mellon National	18.4	126	15
Pittsburgh National	6.9	64.4	31
Philadelphia National	6.3	39.6	35
First Pennsylvania	6.3	5.2†	51
Girard	4.8	38.7	56
Fideleror	3.7	26.4	74
Provident National	3.3	36.8	83
Equimark	3.0	46.2†	92

† Loss

Source: Forbes Magazine

Mr David Barnes, the chairman of Mellon. Unquestionably Pennsylvania's premier bank, Mellon prides itself in taking a prudent but not a timid approach to business which has produced steady, if unspectacular, financial results even in bad years like last year.

Mr Robert Wilson, president of Pittsburgh National, which has developed a reputation as one of the state's more aggressive and innovative banks, said: "Less than half our business is down in this region. We are bankers to several multinational companies and we have followed them abroad."

Philadelphia National and Girard tend to be more regionally oriented, although they, too, seek business outside the state and the U.S. Both are particularly keen to use their strategic location at the corner of three states (Pennsylvania, New Jersey and Delaware) to develop interstate banking connections and

David Lascelles



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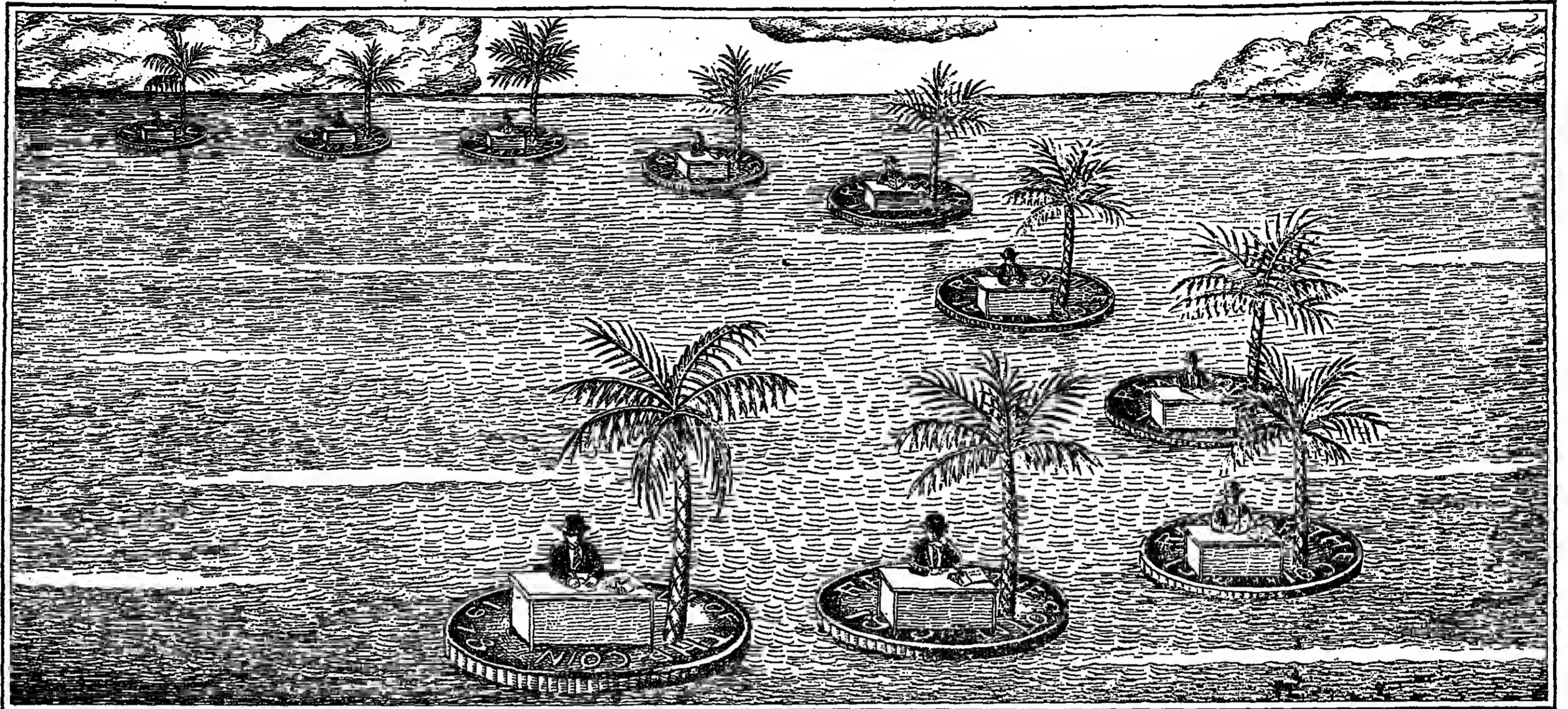
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مكزمن الامم



# The Widening World of Captive Insurers



**Simplified placement of insurance, cost benefits, and the availability of professional management services are all factors behind the continuing growth of captive insurance companies.**

**A brief review by INA of an insurance topic of interest to business executives.**

For a growing number of companies, the insurance subsidiary or "captive" is an idea whose time has arrived.

There are now at least 1,000 captives, both individually and group owned, operating worldwide. Over ninety of them have been formed in the last year alone. Moreover, with costs continuing to escalate for full-risk protection through conventional policy coverage, captives are expanding both the volume and scope of their underwriting activities. Coverages currently provided by captives, in addition to difficult-to-place lines like medical malpractice and product liability, include property, business interruption, comprehensive liability, automobile, workers' compensation, pollution insurance, and employee-related health and disability.

Most captives were originally formed to write insurance for the parent company or group only, but as they grew in experience (and in capital surplus) some began to accept risks from unrelated outside companies. This makes the captive more of a full-fledged insurance company, which may have important tax consequences for the sponsoring company.

At one time, a captive was considered feasible only for the very large company or trade association, and the capital outlay required may still rule out a wholly-owned captive for many companies. But many captives are now being formed by groups and by medium-sized firms.

### The Bermuda angle

Many captives today—about 700 of them—are based in Bermuda. American multinational companies that do not restrict their captives to doing business with the parent company find Bermuda particularly advantageous, since income derived from overseas insurance operations is not taxable until the funds are repatriated.

With the advent of the captives, Bermuda has become a world insurance center, handling as much as two billion dollars in premiums each year. As much as \$500 million is outside business not related to the captives' sponsors.

What has led companies to establish captives? Essentially, a captive represented an extension of the self-insurance trend. In part, this was a reaction to situations in which commercial coverages for certain risks had become either unavailable or prohibitively expensive.

### Lower expense ratios

Today, however, with commercial insurance less restricted, the motives are largely financial.

When insurance is placed directly with the captive, a company may be able to realize a savings of the commercial insurer's overall administrative

costs. On the other side of the ledger is the cost of executive time devoted to a captive, as well as any fees for its management.

In addition, retention of premium reserves by the captive instead of an insurance company can have important cash flow advantages for the parent company. And the fact that a captive can reinsure a large part of its risks can mitigate against the disastrous loss—at reinsurance rates that can be lower than those for primary insurance.

### Backing and fronting

Reinsurance, in fact, can play a key role in the affairs of a captive, since many parent company risks are too large for a captive to handle without the backing of another insurer.

In one arrangement, the parent company pays premiums directly to the captive for primary insurance, but a large amount—say 80%—of the risk is immediately transferred to a reinsurance company. Or, in another arrangement called "fronting," the parent pays all premiums to a primary insurer, which then cedes perhaps 50% of the risk to the captive as the reinsurer. In some cases the captive handles part of both the primary and reinsurance coverages. All of these arrangements involve some major tax considerations.

A decision about setting up a captive can be difficult. The first step

should be a comprehensive survey of the company's risk exposures and insurance coverages, together with all other relevant factors such as cash flow and financing considerations. If the study suggests that a captive is advisable, insurance brokers and some insurance companies—including INA—can be instrumental in its creation and management.

### Comprehensive Services

The Insurance Company of North America was founded in 1792 in Independence Hall, Philadelphia. Today it is the largest component of INA Corporation's international network of insurance and financial service companies. In property and casualty insurance and risk management services, life and group insurance, health care management, and financial service, INA and its affiliated companies offer a unique combination of products and services to business and industry worldwide.

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### A painless way to acquire insurance experience

To most company executives, the prospect of sudden immersion in the insurance business via an insurance subsidiary is not an enticing one. For those executives, some insurance companies and brokers have a solution: working with the risk manager, they can provide all the management services needed by a captive—including underwriting, financial management, loss control and claims handling.

**INA**  
The Professionals

# PENNSYLVANIA IV

### After Volkswagen, sights are set on smaller game

## State lures more foreign investment

THE PRIZE TROPHY of Volkswagen's first U.S. assembly plant made Pennsylvania the envy of other foreign investment hunters in 1978. In recent years the state has turned its sights on smaller game and increased its bag considerably.

By the end of last year, 353 European companies employed nearly 90,000 people in Pennsylvania. Thirty companies, accounting for 5,248 jobs, arrived in 1981, making the state third only to New York and California in number of new projects. It ranked second the previous year with the arrival of 30 European companies employing 6,500 people.

Pennsylvania stepped up its bid for foreign investment last year with the creation of five overseas offices, more than any other state, in London, Frankfurt, Paris, Tokyo and Mexico City. It now has more than 100 active prospects, four to five times as many as before the offices were opened.

many companies—our inclination is to spread them around," says Mr. Leigotow Wildrick, director of the Department's international bureau.

Evidence from all sides supports the strategy. "We have more prospects than ever before even though the economy is weak and unemployment is much too high," says Mr. Geoffrey Stengel Jr, Pennsylvania's Secretary of Commerce. And Volkswagen has not escaped the effects of recession. "We're part of the American automobile industry and you know how that's going," says Mr. Chet Vahn, a company official. The assembly plant near New Stanton, south-east of Pittsburgh, employs close to 5,000 now that 700 workers have been laid off permanently, but it closed down for a total of six weeks in the first three months of this year because of weak demand.

### Gradual pattern

While not overlooking large Pennsylvania-based industrial or retailing concerns with foreign owners—Budd Company (Thyssen), Certain-tyed (St Gobain), Copperweld (Imetal), Gibleb's (BAT Industries) and Bluebird (Northern Foods) to name but five—new entries to the state usually begin on a smaller scale and follow a gradual pattern of development from distribution to assembly to manufacture.

The progression is often mirrored in the premises required: here the troubles of the state's economy have a silver lining. "Vacant plants," Mr Stengel notes, "although they are a sign of weakness, can be very attractive to companies." Even for Volkswagen, a crucial factor in selecting Pennsylvania was the existence of a shell building, never completed by Chrysler, which allowed it to save time and money in beginning production.

Bracker Corporation, a subsidiary of the Swiss-based Walter Braecker AG, leased 6,000 sq ft in an industrial park near Pittsburgh when it set up in 1978 as a distributor of imported riveting machines. That was far too much space then, according to Mr George Suter, executive vice-president, but now that the company is making 40 to 50 per cent by volume of the equipment sold in the U.S., the premises are filled to capacity and Mr Suter is looking for more space.

Dowty Corporation, part of the UK-based Dowty Group, is one step further along the line. It has moved its long-wall mining equipment activities, including manufacturing of roof supports and belt conveyors and overhaul of hydraulic systems, to a 86m-57m purpose-built facility in an industrial park 22 miles north of Pittsburgh.

Production, and administra-

tion, design and sales offices, were previously scattered among three leased buildings which had been occupied over the years as Dowty moved from sales and service into manufacture.

The Department of Commerce keeps a computer file of available buildings and sites to help companies satisfy their specific requirements.

For Dowty, as well as other companies, proximity to customers and the state's excellent transport system played a key role in the choice of location. Dowty's new factory at Warrendale adjoins the junction of two interstate motorways that lead east, south and west into the heart of the coalfields of Pennsylvania, West Virginia and Ohio. All major customers in the eastern U.S. are no more than an overnight truck journey away, according to Mr Matthew Spedding, Dowty's president.

National Draeger, an offshoot of West Germany's Draegerwerk, assembles gas detector tubes and compressed breathing apparatus near Pittsburgh because most of the regulatory agencies which must approve the equipment are located in the region.

Mr Rolf Dangers, National Draeger's president, said his business depended on qualified suppliers and workers and this was one reason why the sunbelt was not considered.

"You don't want to go to Arkansas to hire some hill-billies or cowboys because you have to train them for 10 years to understand the word 'industry'," Mr Dangers said. "If you deal with lifesaving and sophisticated apparatus, you cannot just go to any state in the union. They will be non-union for sure but you will have to train them yourself."

Mr Samuel Reich, president of Pocal, a subsidiary of Te Aviv-based Salgard, has also found an abundance of skilled workers in north-east Pennsylvania at the other corner of the state.

"You have very good people at reasonable wages," Mr Reich said, attributing this to high unemployment. "You can get skilled labour as well as unskilled." Pocal is preparing to begin production at Moscow, near Scranton, of plastic training rounds which will be marketed in conjunction with live munitions made by its Israeli parent.

Mr Mathieu Geraerts of Velida U.S. has been less impressed by the labour pool in central Pennsylvania. His company, owned by Belgian shareholders, processes sawn red oak into panels before shipping it to furniture factories in Europe. The plant at McElhattan near Lock Haven employs 74, but all required training.

Clay Harris

## Pittsburgh seeks more R&D links

PITTSBURGH'S latest "renaissance" aims to consolidate the city's post-war transition to a corporate and research centre from an industrial economy tied too closely to the fortunes of steel. Pittsburgh still rides the steel roller-coaster but, with primary metals now accounting for less than 10 per cent of the area's workforce, each recessionary dip causes less of a jolt to the economy as a whole.

Pittsburgh ranks third in the U.S. in number of headquarters of leading corporations and trails only New York in control of invested capital. Corporate purse-strings act as a magnet for smaller engineering companies and capital goods suppliers because purchasing decisions are made here.

Research and development is the third largest industry in Pittsburgh: more than 20,000 scientists and engineers work in 170 R & D facilities throughout the area. Universities play an important role. Carnegie-Mellon's robotics institute works closely with industry, and medicine is only one of the strengths of the University of Pittsburgh, where Dr Jonas Salk developed his polio vaccine.

The Golden Triangle—the Allegheny and Monongahela rivers converge here to form the Ohio—began to gleam after smoke abatement measures in the late 1940s. Before then darkness at noon was not uncommon. Street lights were left on all day; businessmen took a change of shirt to work; coal dust had to be blown off plates at midnight.

### STEEL OUTPUT

Year	Short tons (%) output	% of U.S.
1977	25.74	20.5
1978	26.21	20.7
1979	23.52	21.8
1981	24.7	19.9

Source: American Iron and Steel Institute

The post-war urban redevelopment known as Renaissance I is a monument to the timely partnership of two unlikely allies. Republican financier Richard King Mellon—Gulf Oil represented only the tip of the iceberg of his family's empire—mobilised the business community into unprecedented co-operation with the city government led by David L. Lawrence, long-time mayor and Democratic party boss who eventually became Pennsylvania's Governor.

This set a pattern for public-private sector co-operation which has remained Pittsburgh's hallmark to this day. The Chamber of Commerce has arranged the secondment of corporate officials to advise local governments on such things as purchasing and fleet management, achieving an estimated first-year savings of \$2m in Pittsburgh and \$5m in surrounding Allegheny County.

The main development projects in Renaissance II, the latest five-year \$4.5bn programme, include: PPG Industries' \$100m-plus corporate headquarters, a 40-storey tower incorporating the company's latest word in energy-efficient reflective glass; a \$120m headquarters for Dravo, the diversified industrial group; Liberty Center, a \$126m office and hotel complex; and One Oxford Centre, a \$100m office and retail development now nearing completion.

Already finished are a \$40m convention centre; and the first phase of Station Square, a \$350m retail, hotel and entertainment development. Other projects include \$500m expansion and improvements at Greater Pittsburgh International Airport and a \$450m Light Rail System, which will shift the city's tram lines underground and extend them deep into the central business district.

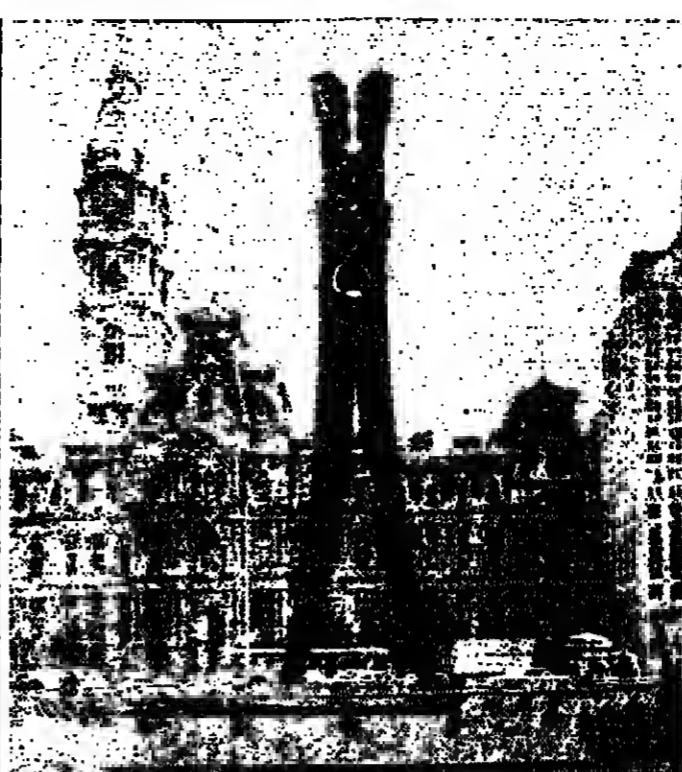
With cultural resources such as Heinz Hall (a former cinema aptly converted into a first-class auditorium for opera, theatre and the Pittsburgh Symphony), Pittsburgh has no problem attracting professionals from all over the country. A recent study ranked it fourth among "livable" American cities.

But mill and mine closures may be creating a "lost generation" of local workers ill-equipped to adapt to white-collar employment and reluctant to take lesser skilled and lower paying service jobs. Relatively few will be able to take advantage of a training programme, for example, to relieve a shortage of heating engineers for the new wave of office blocks.

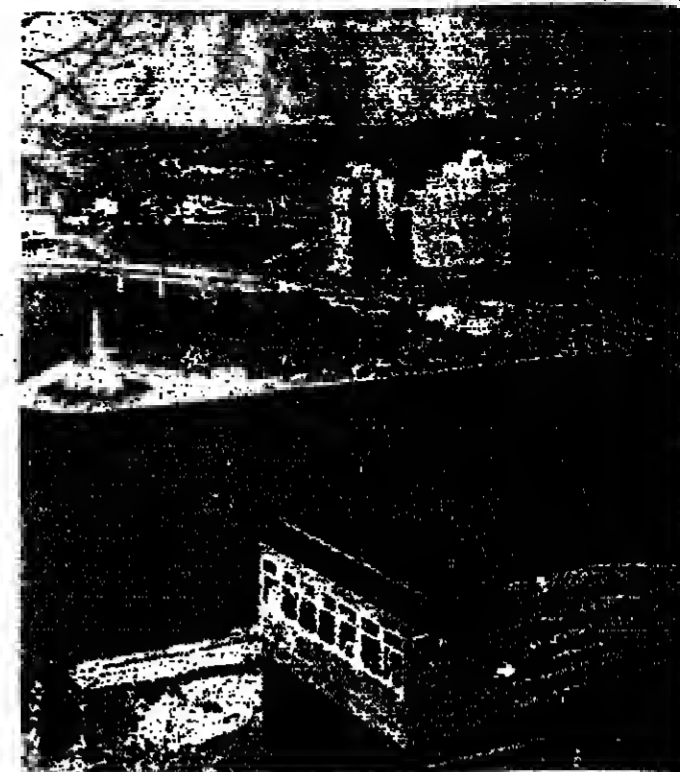
The result, in most cases, is not the grinding poverty found in some other U.S. cities. The traditional high wages paid to Pittsburgh's skilled workers have given it the highest proportion of owner-occupiers of any large city. Its ethnic neighbourhoods are stable and unchanging; many houses are sold privately rather than admit "outsiders".

Nevertheless, Pittsburgh's successful shift to a service-orientated economy has intangible human costs which have yet to be reckoned into the balance sheet.

C. H.



Victorian City Hall, still Philadelphia's tallest building, and Claes Oldenburg's "Clothespin"; right: Pittsburgh's Golden Triangle



Nancy Dunne describes some of the state's historic landmarks

## Everything for the tourist from Gettysburg to a candy museum

TRAVELLING EAST across the United States, Pennsylvania looms as an oasis of stupendous mountain views, sandwiched between the flat dreariness of Ohio and the scenic wasteland of industrial New Jersey.

It is not that Pennsylvania lacks the incessant succession of garish commercial strips and shopping centres which mar the town and urban landscapes of other states. But the natural beauty of the area is such that it reduces its man-made blemishes to forgivable proportions.

Even the state's industrial regions, in and surrounding its two large cities, Pittsburgh and Philadelphia, offer scenic splendours as well as interesting cultural attractions.

The approach to Pittsburgh at dusk in the state's southwest town and urban delight, Don Quixote. The skyline, seemingly grabbed by the monster silhouette of industrial structures, resembles nothing so much as the windmill foes which the chivalrous knight met head-on.

By daylight the world's leading steelmaking city bursts into stunning view with skyscrapers bousing the headquarters of such giants as Gulf Oil, U.S. Steel, Alcoa and Westinghouse. One of the first to produce a successful urban renewal programme, the city's old reputation as a soot-smothered pollution-ridden industrial giant is dead.

Pittsburgh has come a great distance since the days when white collar workers came home at night in grey shirts, and street lights turned on automatically at noon. Now it is called the city of bridges for its 1,400 spans which cross the Allegheny and Monongahela rivers meet there to form the Ohio. The rivers, three of the bardest working in the nation, were once befouled by the city's rapid industrialisation. They now run clear after decades of massive

clean-up efforts.

At the point where the three rivers meet, the Golden Triangle begins. It is Pittsburgh's rebuilt and revitalised business district where skyscrapers make a striking contrast with the gothic and Victorian architecture of bygone eras—the steel, iron, aluminium and glass alongside nooks, crannies, carvings and gargoyles. Now under construction are the skeletons of a new generation of high-rises, along with a comprehensive mass transportation system.

There is much to do and see in Pittsburgh: art museums, planetariums, a zoo, a stunning botanical garden, 27 colleges and universities, river cruises and ball games. The city is the home of the professional Pittsburgh Steelers football team and Pirates baseball team. The Carnegie Museum and library contains a famous Ingle dinosaur skeleton collection. The Pittsburgh Symphony is world famous.

### Shopping mall

In the throes of its "renaissance II" development, the city has completed a \$30m shopping mall, station square, on the site of an old railroad depot, along with the vast grand concert restaurant. Nearby sightseers ride unique hill climbing cable cars up Mount Washington for a breath-taking view of the downtown.

Philadelphia, in the state's southeast, "the cradle of liberty" where the nation's Declaration of Independence was signed, is a blend of quaint and modern, of colonial and 20th century architecture. The city reeks history—from the ivy-covered walls of the University of Pennsylvania, founded by Ben Franklin and associates, to Elfreth's Alley with cobblestone and brick walks to Independence Hall where the colonists

broke ties with the mother country.

Philadelphia advertises "the most historic square mile in America," which includes: Independence National Historical Park, Penn's landing, Society Hill and old city.

The city fathers have an age-old tradition of supporting cultural activities. Philly's 90 museums and cultural offerings include: the Museum of Art, the Rodin museum, the antique toy museum, the Academy of Fine Arts. The Philadelphia Orchestra performs in the academy of music, and free summer concerts are held in Fairmount Park, the country's oldest park which houses the oldest zoo and a series of historic houses.

Pennsylvania, as one of the 13 original colonies and one always in the centre of the action, abounds with historical interests. Foremost of these is Gettysburg, scene of a great civil war battle. The over-commercialised attractions which border the battlefield cannot obscure the fascination Gettysburg offers the history buff.

The area now features at least 20 side shows like:

- Battlefield bus tours, in which Raymond Massey and a Hollywood cast of actors, technicians and special music recreate the battle.
- The Hall of Presidents with bad statues of each President with accompanying taped summaries, exceedingly superficial, of his administration and an interesting presentation of Dwight Eisenhower's paintings.
- The Lincoln train ride, a simulated ride along an 1863 presidential train featuring tapes of the alleged conversation aboard.
- Battle Theater with an electronic map of events—leading up to the battle followed by a multimedia show with quadrophonic sound and moving maps describing the three day battle.

Unlike the other attractions like the Prince of Peace

museum (featuring the life of Jesus Christ), a rebuilt old Gettysburg village requires no charge to visit the exhibits and shops. Also free and most fascinating is the battlefield itself, clearly marked by memorials to explain how events took place.

Other historic places dot the state, like the Fox Pitt museum in Pittsburgh with dioramas, exhibits, models and reconstructed rooms and a recreated regiment of the British Army; Brandywine Battlefield National museum near Philadelphia; Eckley miners' village, preserving the way of life in the Pennsylvania coal fields; and French Azilum, once the site of a French refugee colony.

### Good food

Pennsylvania was settled by many dissident religious sects in search of religious freedom. Descendants of the Amish, Mennonites and Brethren, the "plain people" whose life style remains as in the past, offer a variety of tourist activity. And some of the best food in the world.

Pennsylvania Dutch inhabit a land of quaint where the wanderer from superhighways is apt to pass, startled, horse-driven buggies and windmills. Farmer markets feature home-baked breads, country-cured meats, sausages, shoo-fly pie and funnel cake.

With its many mountains, Pennsylvania offers some of the country's best skiing, excellent fishing and 50 state parks. Amusement parks are everywhere, the most unusual of which is Hershey Park with joy rides, the world's largest chocolate family, a museum featuring the famous American candy, 23 acres of splendid gardens and a permeating smell of chocolate guaranteed to drive dieters to distractions.

The city, home to many industrial groups, is rich in culture

## Philadelphia sees progress hampered by recession

"NEVER in recent memory has this city shown more signs of growth, progress, momentum and vitality. But never in recent memory has this city been hit harder by the combination of a national recession and federal funding cutbacks."

Mayor William Green, presenting his draft budget earlier this month, thus expressed the prevailing mood in Philadelphia: America's fourth largest city has begun to turn the corner after decades of decline, but that progress is being undermined by circumstances outside its control.

Philadelphia lost nearly 14 per cent of its population and 43 per cent of its manufacturing jobs in the 1970s, but it remains a major commercial, financial, corporate, educational and medical centre. Belated recognition that it is a stimulating and cosmopolitan place to live is dispelling an undesired image—thanks to W. C. Fields—of unrelieved tedium.

Center City, the main business and commercial district stretching between the Delaware and Schuylkill rivers, is experiencing its second post-war boom. The cornerstone of the first was Penn Center, a cluster of office blocks adjacent to City Hall.

Now four new hotels worth a total of \$180m are under construction with others on the drawing board. Older hotels are being restored to former grandeur; the biggest comeback is the resurrection of the Bellevue—Stratford from un-

timely death after its unwelcome fame as the place where legionnaire's disease got its name in 1976.

Gallery II, a \$194m retail and office complex, has been approved. A \$300m rail tunnel is being built to link two city centre stations, and a high-speed rail line to Philadelphia International Airport is nearing completion. Boeing Vertol is assembling Kawasaki subway carriages and trams for Septa, the regional public transport system.

Philadelphia is home to many major industrial groups including Sun, Scott Paper, Rohm and Haas, SmithKline Beckman, Pennwalt and Crown Cork and Seal and corporate division such as Arco Chemical and Boeing Vertol. It is strong in banking (leaders include Girard, First Pennsylvania, Philadelphia National and Provident National) and insurance (Cigna—product of the INA/Connecticut General merger, Fidelity Mutual and Penn Mutual). Philadelphia Stock Exchange, America's oldest, is the second largest regional exchange with 221.5m shares and more than 10m options traded last year.

The city has an astonishing wealth of sculpture, fountains, murals and mosaics in parks and lobbies and on street corners. Since 1959 the redevelopment authority has required developers to set aside 1 per cent of building costs for provision of public works of art. Claes Oldenburg's giant clothes-peg or

Robert Indiana's "Love" or statues by Jacques Lipschitz also serve as landmarks for urban navigation in an age of look-alike buildings.

Restoration of the Society Hill district was the first outcrop of gentrification in Philadelphia. The process continues inexorably—quicken or slowing with changes in interest rates—in the nearby neighbourhoods of Queen Village and Head House Square and others around the perimeter of Center City.

### Urban decay

Outside the centre, ethnic neighbourhoods like the tightly-knit Italians in South Philadelphia fiercely guard their identity. In other areas, urban decay is pervasive. Mr Richard Doran, director of commerce, estimates that half of the city's blacks—who comprise 38 per cent of the population—are in dire straits because of unemployment, bad housing and inadequate education. He fears that the true number of unemployed is much higher than the official 68,000 because of tens of thousands of people who officially "don't exist".

William Penn still towers head and shoulders above the City of Brotherly Love he founded 300 years ago. Philadelphia, despite popular myth, has no law that stunts new buildings to keep them shorter than the 548-ft City Hall tower from which Quaker colonist surveys his city; the web of trad-

tion suffices.

Philadelphia is a modern and cosmopolitan city rich in ethnic and social diversity, yet its ethics and style continue to reflect its Quaker heritage. "This is very much a pluralistic society—consensus is important here," says Mr Henry Wendt, president of SmithKline Beckman. "The sense of hierarchy and orderly management is not strong here as it is in Pittsburgh."

The corporate leadership here traditionally has been a sort of stolid, unimaginative group," says Mr William McLoughlin, assistant city representative. "There are signs of hope in that regard."

"PhiladelphiaStyle is drowning without making waves," says Mr Frederick Voigt, executive director of the Committee of 70, a pressure group for "good government." His well-rehearsed quip, taking off one of the city's promotional slogans, shows that outsiders are not alone in poking fun with hoary jokes like "I went to Philadelphia but it was closed."

Philadelphia is not closed. Nor is it drowning. At worst it is treading water to keep afloat in choppy economic seas. At best, it has begun to swim for the shore with increasingly confident strokes—but even when its feet can touch bottom, danger will remain from an underflow of persistent social and economic deprivation.

C. H.



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مركزنا للأعمال

WORLD STOCK MARKETS

NEW YORK

Table of stock prices for New York market, including columns for 1982 High/Low, 1982 Stock, and April 25 prices.

1982

Table of stock prices for 1982 market, including columns for 1982 High/Low, 1982 Stock, and April 25 prices.

1982

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CANADA

Table of stock prices for Canada market, including columns for 1982 High/Low, 1982 Stock, and April 25 prices.

HOLLAND

Table of stock prices for Holland market, including columns for 1982 High/Low, 1982 Stock, and April 25 prices.

HONGKONG

Table of stock prices for Hong Kong market, including columns for 1982 High/Low, 1982 Stock, and April 25 prices.

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Indices

Table of market indices including Dow Jones, S&P 500, and various regional indices with columns for 1982 High/Low and April 25 prices.

NEW YORK

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HOLLAND

Table of stock prices for Holland market, including columns for 1982 High/Low, 1982 Stock, and April 25 prices.

NEW YORK ACTIVE STOCKS

Table of active stock prices for New York market, including columns for 1982 High/Low, 1982 Stock, and April 25 prices.

NEW YORK

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1982

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CANADA

Table of active stock prices for Canada market, including columns for 1982 High/Low, 1982 Stock, and April 25 prices.

HOLLAND

Table of active stock prices for Holland market, including columns for 1982 High/Low, 1982 Stock, and April 25 prices.

Notes and footnotes regarding market data, including information on exchange rates and data sources.

CURRENCIES, MONEY and GOLD

MONEY MARKETS

Becalmed near the Falklands

THE LONDON money market lacked any real momentum or direction last week as traders waited nervously for further developments in the Falklands dispute.

Fixed period interest rates had a slightly softer tone, but seven-day money rose to 13 1/2 per cent from 13 1/4 per cent as the artificially low level of overnight money tended to abate.

Against this background rates tended to drift off last week, with the Bank of England helping to keep matters calm by its help to the money market.

money was certainly finding its way to the necessary quarters. Elsewhere in Europe there was some expectation of a cut in the German Bundesbank special Lombard rate back to the 9 per cent level at which the regular Lombard rate was suspended in February last year.

BANK OF ENGLAND TREASURY BILL TENDER

Table with columns for Bills on offer, Top accepted rate, Minimum accepted bid, and Abolment of minimum level.

FT LONDON

INTERBANK FIXING

Table showing 3 months U.S. dollars and 0 months U.S. dollars bid and offer rates.

LONDON MONEY RATES

Table showing Sterling Certificate of Deposit, Interbank, Local Authority deposits, etc.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various currencies: Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-Mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Krona.

CURRENCIES AND GOLD

£ and \$ easier

STERLING continued to suffer from the influence of the Falkland Islands crisis, losing ground to the major European currencies, and the Japanese yen, but improving slightly against the dollar, as the U.S. currency weakened on interest rate considerations.

The dollar's trade-weighted index fell to 114.9 from 116.0, as it declined to DM 2.8570 from DM 2.4215, to FF 6.24 from FF 6.30, to SwFr 1.9690 from SwFr 1.9760, and to Y241.30 from Y247.70.

GOLD MARKETS

Table showing Gold Bullion (fine ounce) prices for various locations like London, New York, etc.

OTHER CURRENCIES

Table showing exchange rates for Argentina, Australia, Brazil, Canada, etc.

EXCHANGE CROSS RATES

Table showing cross rates between Pound Sterling, Deutschmark, Japanese Yen, etc.

WEEKLY CHANGE IN WORLD INTEREST RATES

Table showing weekly change in interest rates for various countries like London, New York, Tokyo, etc.

London-based 14 bills mature in up to 14 days, band 2 bills to 22 days, and band 9 bills to 63 days.

Local authorities and finance houses seven days' notices, others seven days' fixed, long-term local authority mortgages normally three years 14 per cent.

Approximate selling rates for one month Treasury bills 12 1/2-13 per cent, two months 12 1/2-13 per cent, three months 12 1/2-13 per cent.

Approximate selling rates for one month bank bills 12 1/2-13 per cent, two months 12 1/2-13 per cent, three months 12 1/2-13 per cent.

THE DOLLAR SPOT AND FORWARD

Table showing Dollar Spot and Forward rates for various currencies.

THE POUND SPOT AND FORWARD

Table showing Pound Spot and Forward rates for various currencies.

FORWARD RATES AGAINST STERLING

Table showing forward rates against sterling for various currencies.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various countries.

CURRENCY MOVEMENTS

Table showing currency movements for various countries.

CURRENCY RATES

Table showing current currency rates for various countries.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Large table listing various authorized trusts and their managers, including names like Abbey Unit Trust, Allen Harvey & Ross Unit Trust, etc.

Vertical text on the far right edge of the page, possibly containing additional financial information or advertisements.

INSURANCES

Table of insurance companies and their financial data, including Aetna Life Assurance Co. Ltd., Amey Life Assurance Ltd., and various other insurers.

FT UNIT TRUST INFORMATION SERVICE

Large table listing unit trusts and their performance metrics, including Sun Life of Canada (UK) Ltd., British Overseas Investment Management Ltd., and many other investment funds.

Table of international investment funds and services, including Hambro Pacific Fund Mgmt. Ltd., RBC Investment Managers Limited, and various global investment vehicles.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment opportunities, including various international funds and services.

NOTES: Section providing additional information and disclaimers regarding the investment data presented in the tables.

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BRITISH FUNDS

Shorts (Lives up to Five Years)

Table of British Funds with columns for Name, Price, and Yield.

Five to Fifteen Years

Table of British Funds (Five to Fifteen Years) with columns for Name, Price, and Yield.

Over Fifteen Years

Table of British Funds (Over Fifteen Years) with columns for Name, Price, and Yield.

Undated

Table of British Funds (Undated) with columns for Name, Price, and Yield.

Index-Linked & Variable Rate

Table of British Funds (Index-Linked & Variable Rate) with columns for Name, Price, and Yield.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues with columns for Name, Price, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and Yield.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Price, and Yield.

LOANS Public Board and Ind.

Table of Loans (Public Board and Ind.) with columns for Name, Price, and Yield.

FT SHARE INFORMATION SERVICE

LOANS - Continued

Table of Loans (Continued) with columns for Name, Price, and Yield.

BANKS & H.P. - Cont.

Table of Banks & H.P. (Continued) with columns for Name, Price, and Yield.

CHEMICALS, PLASTICS - Cont.

Table of Chemicals, Plastics (Continued) with columns for Name, Price, and Yield.

ENGINEERING - Continued

Table of Engineering (Continued) with columns for Name, Price, and Yield.

Building Societies

Table of Building Societies with columns for Name, Price, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, and Yield.

AMERICANS

Table of American Stocks with columns for Name, Price, and Yield.

Hire Purchase, etc.

Table of Hire Purchase, etc. with columns for Name, Price, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, and Yield.

ELECTRICALS

Table of Electricals with columns for Name, Price, and Yield.

FOOD, GROCERIES - Cont.

Table of Food, Groceries (Continued) with columns for Name, Price, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, and Yield.

INDUSTRIALS (Miscel.)

Table of Industrials (Miscellaneous) with columns for Name, Price, and Yield.

CANADIANS

Table of Canadian Stocks with columns for Name, Price, and Yield.

BANKS AND HIRE PURCHASE

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